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Authority EO 12958

By RT NARA Date 6-26-07

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KOREA

I. February Talks

Prime Minister Chou's Position

- Desirable to promote contacts between North and South Korea.
- Also will be good when UN Commission for Unification and Rehabilitation of Korea ends.
- PRC appreciates gradual reduction of U.S. forces in Korea.
- Japanese military involvement in South Korea would create tension.

The President's Position

- Both sides should exert influence to restrain our allies. Korean peninsula was once scene of conflict between us and it must never happen again.
- U.S. will use its influence to discourage Japanese intervention in Korea.
- U.S. is examining question of termination of UNCURK.

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KOREA

II. Developments Since the President's Visit

A. On the U.S. (and ROK) Side

- The ROKs continue their involvement in the Vietnam fighting. In response to a Presidential letter of early June requesting authorization to use South Korean troops to clear Route 14 at the Kontum Pass, President Park promptly replied affirmatively and indicated that his military commander on the scene would contact General Abrams. (ROK troops also helped to open Route 19 last April.)
- President Park has also made a decision to keep ROK troops in Vietnam until the end of this year.

B. On the Chinese (and North Korean) Side

- [In pursuit of its goal of undercutting foreign support for the ROK, Pyongyang has sustained efforts to mobilize Japanese and U.S. public opinion against the policies of their respective governments. Kim Il-song has given several interviews to Japanese journalists since January implying an interest in expanding North Korean contacts with the Japanese people. In addition he has attempted to present an impression of reasonableness with respect to North-South relations and an interest in easing tensions on the Peninsula.]

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-- [As another indication of Pyongyang's effort to sow dissention between the U.S. and ROK, you may recall that in late January a North Korean representative at the Military Armistice Commission Secretariat in Panmunjom approached the American duty officer and orally informed him that as the U.S. had reached a decision to withdraw its forces from Korea the North wished to begin discussions on the subject "at the highest level." In a subsequent response we denied that any such decision had been reached, and the North replied with a note denying that they had ever approached us on the subject. We finally informed Seoul of this little game, but the ROKs responded with nervousness despite our efforts to be open with them.]

-- On May 10, in response to the measures announced by the President on May 8, North Korea issued a governmental statement denouncing the President's action as "an open challenge to all Socialist countries." The statement asserted that the DPRK was prepared to dispatch volunteer forces to Vietnam if Hanoi should request them. No request has been forthcoming from the North Vietnamese, however.

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-- In May, Pyongyang invited Harrison Salisbury and John Lee of the New York Times to visit the North, and in early June the Times published a series of balanced articles by them that realistically contrasted North Korea's industrial progress with the oppressive political atmosphere of "hate America," a uniformity of popular attitude, and strict discipline. Selig Harrison of the Washington Post arrived in North Korea in early June under similar circumstances.

-- On May 26 Kim Il-song granted an interview to Salisbury and Lee which was subsequently published in the Times. Kim frankly discussed the "hate America" campaign, claiming it was a response to the history of American aggression against Korea, the current U.S. "occupation" of the South, and our encouragement of "Japanese militarism." Kim stressed that the way to improve Korean-American and North-South relations was to withdraw the UN (U.S.) forces, and abolish UNCURK. He did not suggest (as he had in an interview of late January with an official of the Japanese Socialist Party) that a U.S. troop withdrawal might follow progress in a North-South accommodation.* Clearly the removal of U.S. forces from South Korea remains a major North Korean objective.

* In January, Kim told a visiting Japanese that, "in the past we proposed concluding a peace agreement between the North and South under the

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- It also appears that Pyongyang has pressed Peking and Moscow to promote its interests through a public debate on Korea at the fall session of the UN General Assembly. Soviet and Chinese diplomats have indicated within recent weeks that they do not expect the Korean issue to be set aside again this year, and are preparing for what a member of Peking's Foreign Ministry has described as a "hard debate." The Chinese and/or Soviets will probably seek an unconditional invitation to both Korean states to participate in the debate, in which the Communists will most likely press efforts to abolish UNCURK, and perhaps the UN Korean Command. (Additional issues involved in the Korean question which eventually will come up are possible efforts to rescind the 1950 resolutions condemning North Korean and Chinese aggression against the South, North Korean efforts to have the UN pass a resolution urging the two Korean states to sign a peace agreement and resolve the unification issue on a bilateral basis, and perhaps ultimately the question of UN membership for the DPRK [which has already put out feelers regarding conditions for membership in the ILO and WHO]).
- In mid-May a PRC delegate at the UN protested UNCURK's budgetary estimate for FY 1973 on political grounds at a meeting of the

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nominally apolitical Committee on Administrative and Budgetary Questions. Otherwise, the Chinese have taken no new public position on the Korean issue since publication of the Shanghai Joint Communiqué, in which they supported Kim Il-song's eight-point reunification plan of April 21, 1971, and called for the abolition of UNCURK.

C. North-South Contacts

- Pyongyang and Seoul continue to test each other's intentions and maneuver via the Red Cross talks which are progressing in desultory fashion both in North and South Korea. An agenda for a plenary session, which will focus on reuniting divided families, is now being completed for a meeting which may be held some time in July.
- The pace of these public sessions is now caught up in maneuvering over the Korean issue at the UN. The ROKs want to point to progress in their public bilateral talks with Pyongyang as the basis for deferring debate. Pyongyang, for just the opposite reason, has been dragging its feet in the Red Cross talks, apparently in order to claim that progress on the Korean issue can only be achieved through a public debate in the General Assembly.

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-- Paralleling the public Red Cross talks have been a series of secret political contacts between high-level emissaries from Pyongyang and Seoul. In late March a representative of ROK CIA Director Yi Hu-rak held discussions in Pyongyang with North Korean Vice Premier Kim Yong-chu (a younger brother of Kim Il-song). This led to a visit by Yi Hu-rak himself to Pyongyang in early May. Yi met with Kim Il-song, as well as with his younger brother, and held exploratory political talks. While no decisions were reached, it was agreed to maintain a secret "hot line" contact,* and to have a high-level official from the North visit Seoul.

-- This latter contact took place at the beginning of June. North Korea's Second Vice Premier for Foreign Affairs came to Seoul as an ostensible member of a DPRK Red Cross delegation. He met with President Park and pressed him for a full political dialogue between the two Korean states, including a meeting between Park and Kim Il-song. Park resisted, however, asserting that such a dialogue should be preceded by progress in the Red Cross talks. This latest contact did result, though,

* According to ROK sources, the North used the hot line on two occasions during the past six months to warn ROK officials about border violation situations. In both cases escalated military clashes were avoided as a result of the communication.

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in agreement to establish a "Coordinating Committee" composed of representatives of both sides to direct the progress of the evolving North-South contacts. The full scope and operations of this committee have yet to be defined.

-- At present the future course of these secret political talks is difficult to predict. The North has invited Yi Hu-rak for an additional visit to Pyongyang late in June. Both President Park and Yi Hu-rak are uncertain that this is the best way to proceed. The North has been pressing for public revelation of the secret talks, and Yi is now giving consideration to a meeting between himself and Kim Il-song's brother, Kim Yong-chu, in a neutral location (Paris or Geneva are being considered) in order to reveal the political contacts either through a joint public statement or separate but identical statements. A final decision on this matter, however, has yet to be reached.

-- ROK officials have kept us well-informed on the progress of their contacts with the North, and also have told the Japanese something of their activities. [One of the incentives for making the secret talks public, incidentally, is that word of their existence has begun to circulate among the diplomatic community in Seoul.] We would also assume that Pyongyang has informed Peking of the talks.

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Korea may pose something of a dilemma for the Chinese: on the one hand, they are probably interested in stabilizing the situation on the Korean peninsula, but on the other they are obliged to an appreciable extent to support policies of their North Korean allies which may have a destabilizing effect. In this latter connection looms the forthcoming UNGA session and a possible ROK-DPRK confrontation over the Korean item which would poison the North-South political talks and possibly impel the U.S. and the PRC into an undesirable degree of confrontation. We would like to nudge the Chinese away from pushing the Korean item and toward acceptance of its postponement--the question is, how to do so without causing them to assume a "fraternal socialist ally" position from which it would be difficult to retreat.

A. The Chinese Position

-- [They may refer to the sensitive North-South political talks now going on, endorse North Korea's position in them, and express the hope that the talks will lead to a reduction of tension on the Korean Peninsula and ultimately, North-South reunification. They may also indicate that the DPRK would like to improve relations with the U.S.]

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- China continues to regard the 8-point proposal of Kim Il-song as a positive step. [Note: they may hedge on whether this is the harsh proposal presented to you last October or the less polemical one of April 1971.] The U.S. should consider this proposal seriously.
- The PRC is interested in equal legal status for both Koreas. In this respect, UNCURK is discriminatory against North Korea, and should be abolished. [The Chinese may say here that they are contemplating calling for UNCURK's abolition at this fall's UN General Assembly consideration of the Korean item, and want the UN to extend an invitation to the DPRK to sit in on the debate without conditions.*]
- [The Chinese may attempt to portray Kim Il-song as a leader who generally wants peace and who is willing to deal with the "South Korean authorities" on a realistic basis. They may attempt to contrast Kim with President Park, whom they may depict as bellicose by citing such things as Park's Emergency Regulations and the presence of ROK troops in South Vietnam.]

* Both the ROK and the DPRK have consistently been invited to attend provided they accept the competence of the UN to consider the Korean question; the ROKs have accepted but the DPRK has refused.

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-- The North Koreans are apprehensive over the growth of Japanese influence in South Korea. The U. S. shares a responsibility with the South Korean authorities in preventing this.

B. Your Position

- If the Chinese goals are to bring about stability in the Korean peninsula, avert war, and lessen the danger of the expansion of other powers, then Chinese and American interests are quite parallel. You assume this to be the case.
- In the connection, we have been very interested in the sensitive political talks now going on between high-level representatives of the North and South Korean Governments. If these talks make further progress, the goals desired by both the PRC and the U. S. --and presumably by the Koreans themselves--may well be attained.
- It would therefore be very unfortunate if developments should arise which would poison the atmosphere between Pyongyang and Seoul and reverse the favorable course which the North-South talks have set.

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- Such a development, in your opinion, would be an extended and acrimonious debate over the Korean item in the UN General Assembly this fall. Inevitably, positions would harden, rancor would persist, continuation of the North-South talks would be jeopardized, and the eventual goal of reunification by peaceful means compromised.
- You appreciate the Chinese desire to support an ally, and we would support our Korean ally, too. How to do so without generating a confrontation in the UN, leading to serious repercussions elsewhere, is something we should both consider carefully.
- Postponement of the Korean issue until next year is one method, though there may be others. Postponement would only defer but not undermine the presentation of the various positions on the UNCURK question (which we are already reviewing ourselves), nor interfere with the establishment of conditions conducive to a more permanent legal basis for the existing situation in Korea.
- We have no innate prejudice against North Korea being accepted as a lawful entity in the UN and elsewhere, provided it does not threaten anyone, and we recognize its existence as a fact of life.

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- In all candor, however, the glimpse of North Korea we got through Harrison Salisbury's interview with Kim Il-song was very depressing. Kim's misconceptions about the U.S. were very great, and his constant harping on the withdrawal of U.S. forces leads us to wonder about Kim Il-song's motives and allegedly peaceful intent.*
- As you have said before, the North and the South should exercise restraint toward one another in both their actions and their statements. We will do what we can to this end with our South Korean ally, and hope the PRC will do the same for its ally.
- We will not allow South Korean attacks on the North while we are there. What we are able to achieve in Korea depends on North Korean restraint.
- We will at the same time honor our commitment to South Korea, as we assume the PRC will act toward North Korea.
- Our ultimate objective is the reduction of U.S. forces in Korea, and it is not our purpose to allow Japan to become a predominant influence in Korea, militarily or otherwise. We doubt that the South Koreans want this, either.

* Attached at Tab A

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Excerpts from Interview with North Korea

Premier on Policy Toward the U.S.

Special to The New York Times

PYONGYANG, North Korea, May 26—Following are excerpts from an interview conducted with Premier Kim Il Sung through an official interpreter by Harrison E. Salisbury and John M. Lee of The New York Times:

Premier Kim—You wrote me many times asking to come so I let you. It is 10 years after your first application, but my secretary told me that you did not have a very good impression because of the strong anti-American expressions of the Korean people.

It is inevitable that we Koreans have bad sentiments toward Americans. We had very difficult contacts with Americans. It is also the first time for me to meet Americans in several scores of years.

Actually our country is still in a state of cease-fire. No peace treaty has yet been concluded, has it? Virtually we are still in a state of cease-fire and we have not yet settled the question by peaceful means, have we?

Therefore I always say our generations are changing but the target of our struggle remains the same.

There are many reasons here. As you already know, even after the armistice, the U.S. Government still adopts unfriendly attitudes toward our country. Under these circumstances we cannot but prepare ourselves always for war.

The most important thing in war preparation, in my opinion, is that we educate our people in the spirit of hating the enemy. Without educating our people in this spirit we cannot defeat the U.S., which is superior in technology.

Therefore, we frankly tell you we are always making preparations for war. We do not conceal this matter. We are making preparations openly. Nobody can tell, neither you nor I can tell, what time you'll pounce upon us. Therefore, I think it is quite natural and quite all right to educate people with the spirit of hating the target of our struggle.

Widespread Suffering Cited

I do not think there is any Korean who has not suffered in the Korean war. At least relatives or friends of all of us suffered. Tens of thousands of people were killed by indiscriminate bombings. In Pyongyang alone all houses were reduced to ashes and only three houses were left intact. Not only Pyongyang but also Wonsan and Hamhung and others, and then by the end of the war, all our villages were destroyed indiscriminately. In these circumstances, we Koreans can have nothing but bad sentiments toward Americans.

Under the armistice agreement it was promised that parties concerned in the war should conclude a peace between the North and the South so that peace might be brought to Korea. But the U.S. authorities do not keep their promise.

In recent years, after the Pueblo incident, the U.S. authorities conducted reconnaissance over our country by high-altitude reconnaissance planes.

In this way we are in a state of war. So we cannot but devote more funds to strengthening our defensive power and this, frankly speaking, affects the increase in the living standards of our people to a certain extent.

We always say this is only because of the U.S.

We not only suffered from the war, but after the war we are in a state of war. U.S. authorities violate the armistice agreement and adopt unfriendly attitudes toward us and conduct reconnaissance against our country.

And we educate our people on this, and therefore our people cannot but have bad feelings against Americans. You must understand things in this way.

Issue Is Put to the U.S.

Q. What positive steps should be taken to end the abnormal state of relations between the United States and Korea?

A. From our point of view it is very simple. Everything entirely depends on the United States Government. If the United States Government changes its policy toward us we will also change ours toward it. The most important thing is to leave the Koreans to unify their country by themselves and not interfere in the internal affairs of the Korean people.

Nearly 20 years have passed since the signing of the armistice agreement, and what kind of necessity do you have for stationing forces in South Korea under the signboard of the United Nations forces?

Some people say you are staying in South Korea to protect the South Koreans because we want to invade South Korea. But we have declared time and time again we have no in-

tention at all of invading South Korea. Therefore I think it is high time for you to put an end to your role of police. If you withdraw we Koreans can do things in common for peaceful unification.

What the United States Government does that displeases us is not only station its troops in South Korea but helps the revival of Japanese militarists. So we see the joint communiqué of 1969 between Nixon and Sato, and Nixon put forward the so-called Nixon Doctrine under which he instigated Japanese militarists so as to replace the United States in South Korea so as to interfere in the internal affairs of the Korean people.

After the joint communiqué Sato claimed he would interfere in the internal affairs of the Korean question. We cannot but describe this as an unfriendly attitude of the United States Government toward us.

The American attitude toward us at the United Nations is not justified either. Why do they attach conditions to inviting us to the United Nations while they invite the South Koreans without any conditions? They insisted we recognize the legality of the resolutions adopted at the United Nations against us. How can we go under such preconditions?

And you also instigate the so-called United Nations Commission for the Unification and Rehabilitation of Korea to make an annual report full of lies and falsifications against our country and make unfriendly false propaganda against us.

You should withdraw United States forces, dissolve the United Nations Commission for the Unification and Rehabilitation of Korea and not encourage the division of the Korean nation but help the reunification. If there is no interference of outside forces, the Koreans can seek common points for unification of the country.

When President Nixon visited China, he said while looking at the Great Wall of China that there should be no divided countries — no barriers. If the United States Government wants to put this into practice, it must begin with Korea.

President Nixon said he wanted to improve relations with China, and while visiting the Soviet Union he said he wants to have improved relations with the Soviet Union. We say, why should he continue to have military bases in South Korea and the Korean peninsula?

If in the past you said you needed military bases in South Korea to prevent the expansion of Communism, now that you have good relations with the big powers, why is there any necessity of having military bases in South Korea?

What can you benefit by asking us to replace the United States in Korea to invade South Korea and turn South Korea into a market for Japanese goods and turning it into an appendage of Japan?

The Korean nation is a single nation. We must unify this nation.

Many North Koreans have relations in South Korea and many South Koreans have relations in North Korea. So we should remove this barrier of long standing and eradicate the tragedy of Korea.

Our policy toward the United States is as follows: If the United States Government stops its unfriendly attitude toward us and stops obstructing the unification of our country, then there is no reason why we should have hostile attitudes toward the United States. So I should say relations between ourselves and the United States entirely depend on the United States and not on us.

Outsiders' Role Excluded

Q. Is there any role in this question for outside powers such as China and the Soviet Union, or must it be solved only by the United States and Korea?

A. In my opinion, China and the Soviet Union have very little concern with the question of Korean unification. The Soviet Union and China support the peaceful unification of Korea. I think the Korean question must be left to the Koreans to solve by themselves without any interference by outside forces on the basis of national self determination. Only in this way can it be solved in a peaceful way.

Q. Is there any possibility that a Geneva-type conference would be helpful in solving the Korean question?

A. In my opinion, we don't need any such thing. United States troops must be withdrawn first of all. Even if they are withdrawn we will not fight each other.

If Koreans are united they can keep Japan from reinvading our country. In regard to unification, Koreans can achieve agreement on common points and unification.

As you know, we have made con-

tacts with South Korea through the North-South Red Cross talks. Of course we have to wait and see what will be the prospect of these talks and what will become of it. But we think that if North and South Koreans can sit down together they can remove present misunderstandings and distrust.

So far, because we do not sit down together, there are still frozen sentiments between us and distrust and misunderstanding in many aspects. If we sit down together, we can remove all of this.

In what aspects are there misunderstandings? I think there are some. For our part we understand that South Korean rulers may invade us with the backing of the Japanese and the United States. And South Koreans misunderstand us, thinking we would invade South Korea.

Recently we hear South Koreans also want to reunify the country by independent means. They also advocate self-help, self-sustenance and self-defense. We also advocate independence, self reliance and self-defense. These are the common points. If we develop these common points, we think we can come to an agreement uniting us.

They are also kicking up an anti-Communist racket saying we want to communize South Korea. We have no intention whatsoever of imposing a socialist system on South Korea. We think it is not necessary for them to change the social system built up here for another social system.

Some foreign journalists write there are two poles in Korea — North Korea is a Communist society and South Korea is a capitalist society and these two poles cannot meet each other. They say if these two poles meet each other war will break out.

In my opinion we cannot see South Korea as a big capitalist country. Are there any big monopolies in South Korea? We don't think there are any big monopolies in South Korea. If there are, they are comprador capitalists [Korean agents for foreign businesses]. Of course we are against comprador capitalists because they obstruct the development of the national economy.

We are not against capitalism and medium and small size enterprises in South Korea. Of course we can say South Korea is just starting to take the road of capitalism, or is just a sympathizer with capitalism or is being infiltrated by capitalism or worshipping capitalism or something like that. Of course there are differences of ideals and beliefs between us. But we think we must rise above them for the sake of national unity. Since we do not impose our social system on South Korea and if they don't force us to change our social system for another social system, then these things cannot be the reasons why we do not achieve national unity.

If we establish this principle of not imposing social systems on each other, then there is no necessity for fighting each other by force of arms because neither side imposes upon the other.

It is possible that a country may have various systems and maybe people who have different kinds of beliefs. What kind of political system there should be in South Korea should be decided by the South Korean people themselves. So we see that even after unification there may be this or that political system in Korea and people who have different political beliefs may live together. Here mutual trust and respect are necessary. So in my opinion there are no conditions why we cannot unify our country.

In my speech of Aug. 6 last year, I proposed we could hold talks even with the Republican party of South Korea, the ruling party there. This comes out of our intention for mutual respect. So I think that if we achieve national unity in this way, we can eliminate mutual misunderstandings and distrust gradually and achieve the unification of our country independently and in a democratic way.

Of course it may need quite a long time. But we can unify the country on these principles.

Low-Level Exchanges

Q. With what practical steps would this evolve?

A. We demand such things—mail,

visits and trade. We advocate mail exchange, mutual visits, exchange of trade and cooperation in economic development and so on. We also advocate mutual exchange of parliamentarians, scientists, as well as political figures.

We also advocate holding political negotiations between political parties and social organizations in North and South Korea. We also propose that parliamentary members of North and South Korea sit down together and hold consultations with open hearts.

For our part, we are always ready to do these things. But I wonder in what respects they are not ready to do so.

While holding North-South Red Cross talks with us, they are oppressing people demanding peaceful unification. They proclaimed the so-called state of national emergency under the fictitious pretext of a southward threat from the north.

In South Korea alone, parliamentary members from the New Democratic party and the Republican party cannot talk even among themselves. They hold so-called conferences for prevailing over Communism and are kicking up anti-Communist racket.

All these things show they have no intention of reunifying the country. Those advocating prevailing over Communism to reunify the country mean they want to reunify the country after wiping out the Communists. How is it possible to do so?

All these acts are meant to separate from each other, not to approach each other. We do not think this is a good thing.

We are dealing with this problem with patience. So we are continuing our efforts to create opportunities for contact.

Q. Do you envisage separate social systems in the same country with gradually increasing contacts as time goes on, somewhat in the manner as has been proposed by North Vietnam and the National Liberation Front?

A. Yes, that is the general idea. I do not know about Vietnam but our demands are just as I told you. And all these things are included in our eight-

point program for unification of the country.

We propose that a confederation of North and South Korea would be all right if we can't reunify the country right away. This means forming a Supreme National Committee to consult and discuss matters of common concern for the nation while retaining different social systems intact in North and South Korea. Even now we want economic cooperation. So we think if we give South Korea what they have not and if they give us what we have not, we can develop our economy faster in exchanging in that way. So we think we must proceed from the interests of the nation.

We propose an exchange of trade, economics, culture, and scientists. We propose political negotiations on a broad basis and meetings between parliamentary members on a broad basis.

They have closed their doors, not we. We are not afraid of capitalist influence coming in. We are not afraid of it because there is no reason why we should fear it. Everything will be solved if South Korea opens its door.

What if they shut the door continuously, then Japanese capitalists will come into South Korea and South Korea will be subjected to Japan economically. We do not forget history.

We know that in 1894 Japan began invading South Korea under the pretext of protecting Japanese residents in South Korea and from that time on, Korea began falling into a Japanese colony. We do not want to become a Japanese colony again.

'Unpleasant Feelings'

Q. Can there be moves to reduce tension and increase understanding between our two countries before United States withdrawal from South Korea—that is, by exchanges of journalists, cultural groups and so on?

A. To say frankly, I wonder what kind of interesting things Americans will come here with. I don't think we can find anything interesting if we go there. It doesn't mean we want to shut the door. But so long as the basic problem is unsolved, nobody will benefit from it.

Since you have come here, you also feel unpleasant feelings. If more Americans come here and go back with unpleasant feelings, one will not benefit by it. So long as the policy is not changed, you will always feel unpleasant sentiments here and you will not benefit by it, don't you think so?

You also say you feel unpleasant here. Is it any good if we cause more people to have bad feelings here. Only when the United States Government changes its policies toward us may we discuss anti-American sentiments and only then will it be interesting for both of us to visit each other.

So in my opinion, while the United States Government makes no big change in policy toward our country at present, I am not against mutual visits between us just on a limited scale, as at present.

Q. This is an era of great changes in world relationships, the United States—China and the Soviet Union. Yet big problems like Korea and Vietnam remain. Do you see any hope that the changes among the big powers will positively affect the smaller powers?

A. The United States Government should improve relations not only with the big powers but with the small powers. I don't think improved relations of the big powers will affect relations with small powers. If the United States has changed its policy in relation to China and the Soviet Union, I don't think they need military bases in South Korea any more. And if they don't need them, they must show this by practice.

If they withdraw their forces from South Korea, then it would help Koreans to harmonize with each other and will help us improve our sentiments toward the United States.

We clearly remember all the speeches made by President Nixon in China. What interests me most is Nixon said the world should not be divided and countries should not be divided when he looked up at the Great Wall of China. So I am watching with great interest what channel his words will take in practice.

Q. What are the prospects for improving your relations with Japan?

A. That also depends on the Japanese Government. Of course successive cabinets of the government have adopted unfriendly attitudes toward us—Yoshida, Ikeda, Kishi, Sato and all the successors.

The smaller a country is the greater the confidence and self-respect it must have. Small countries live on self-reliance and self-respect. Without self-respect, how can we live?

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SOUTH ASIA

I. February Talks

Prime Minister Chou's Position

-- PRC wants total withdrawal of Indian troops from Bangladesh, and ceasefire and mutual withdrawal in the west. U. S. recognition after this takes place would raise U. S. prestige and put U. S. in better position.

-- Even if Subcontinent were one country, there would still be turmoil there because of complicated nationality problems.

-- Yahya didn't show much statesmanship in leading his country, but when a man makes contribution to world (serving as bridge) we should remember him.

-- PRC aided Pakistan with arms but no military personnel.

-- Foreign troops invading a country is different from people rising up to change a government. This is a very important principle.

-- PRC will probably recognize Bangladesh later on, perhaps last.

Key is Indian troop withdrawal from both East and West Pakistan, Kashmir issue, and views of Islamic countries. Not in PRC interest to refuse to have any contact with so large an area.

-- PRC will appreciate advance word of U. S. recognition.

-- PRC wants to improve relations with India too.

TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY

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The President's Position

-- U.S. is considering recognizing Bangladesh once Indian troops are removed. Bhutto does not object. U.S. is pressing for Indian withdrawal and will keep PRC informed on timing of recognition.

-- U.S. will help West Pakistan because of our philosophy that no nation should dominate. Military aid will be problem because of U.S. popular and Congressional opinion.

-- U.S. will move in very measured way on economic aid to India, waiting to see what India does on border problem and U.S. -Indian relations generally.

-- India has enough trouble digesting West Bengal and will get massive indigestion trying now to digest East Bengal.

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Authority EO 12958
By RT NARA Date 6-26-07

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June 14, 1972

SOUTH ASIA
II. Developments Since the President's Visit

A. On Our Side

I. The following is the status of our relationship with each of the major South Asian countries, concentrating particularly on those developments which have taken place since your last visit to Peking:

-- The US has now provided about \$150 million in assistance to Pakistan since the end of the war. The World Bank consortium met at the end of May and agreed to provide \$234 million in debt rescheduling for Pakistan over the next year and a half. The donor countries and the World Bank also announced their intention to extend \$127 million in new program assistance in 1972, thus making available a total of almost \$400 million in effective assistance (adding \$40 million in US PL 480). In addition, donors announced their willingness to make further pledges and their intention to release an additional \$40 million in the aid pipeline following the successful conclusion of the bilateral debt negotiations. The US can take considerable credit for the successful conclusion of this exercise. The Pakistanis, of course, did their part by going ahead with the necessary 60% devaluation, but it was largely our efforts that kept the consortium together through the past year's crisis. The US share of the \$234 million in rescheduling will be about \$50 million, and we have pledged an additional \$60 million in new development assistance lending and some \$40 million worth of PL 480 commodities. You should be aware that the Secretary General of the Pakistani Foreign Ministry--Aziz Ahmed, whom you met in Washington--is scheduled to be in Peking June 14-17. On the question of military assistance, we have let the Pakistanis know at the time of Aziz Ahmed's visit to Washington that it would be very difficult for us to provide any additional assistance before our November elections. As you recall, the President and the Shah discussed the possibility of Iran's providing a channel for assistance, but you are aware of the legal complications in the third-country transfers.

*Al + Win -
How does
Saunders
know this?*

-- The United States, of course, recognized Bangladesh on April 4. To date, the US has continued the humanitarian assistance through the United Nations channel which was presumably described to the Chinese during your February visit. This now totals about \$120 million--\$73 million in PL 480 foods and the rest in support of either the UN relief effort operations or our voluntary agencies. In addition, on May 30, the US signed with Bangladesh its first bilateral agreement for economic

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assistance in the amount of \$90 million, concentrating on rehabilitation projects. All of this has been done in the full knowledge of the government in Islamabad. [We understand that Peking has offered to buy some \$12-\$15 million of jute from Dacca. This is the first official contact that we are aware of between the two countries since the December war. It still seems likely that Peking will defer any political move until after the upcoming summit talks between Pakistan and India when it should be more clear what relationship will be established between Pakistan and Bangladesh.]

--No serious dialogue with India has begun yet. The US has participated in the World Bank consortium debt rescheduling discussion beginning in Paris on June 12. The rationale behind this is to preserve a place at the table in the management of the Indian debt since the Indians owe the US some \$3.6 billion and not to change our political course significantly one way or another. The US share of the suggested \$100 million rescheduling for this year would only be about \$12 million. No decision has been made on the resumption of development assistance to India. We are carrying some \$90 million provisionally in the FY 1973 aid program which we have presented to Congress, but no decisions have been made. Secretary Connally is not carrying with him any new decisions on aid.

--You should also be aware that Prime Minister Bandaranaike of Sri Lanka (new name for Ceylon) is scheduled to be in Peking June 19-23. China has provided substantial financial assistance to Sri Lanka, presumably to have a foot in one more South Asian door. The US has promised its usual contribution of \$10 million in PL 480 commodities.

2. The major upcoming event on the subcontinent, of course, is the India-Pakistan summit scheduled for June 28.

--On the key issue of Kashmir, the Indians will probably propose at least that the current ceasefire line be recognized as a formal international boundary. Bhutto has said instead that he would like to see a "soft border" that would tend to put the Kashmir dispute on ice. According to his Foreign Secretary, Bhutto could agree to a joint statement that India and Pakistan would not go to war on outstanding issues between them (e.g. Kashmir), but it would be necessary to establish standing machinery for dealing with disputes.

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-- The second issue is the return of the 90,000 Pak war prisoners and the related possibility of India's turning some of them over to Bangladesh for trial as war criminals. There are some 60,000 Bengalees in Pakistan whom Mujib wants returned.

-- The third issue is Pakistan's recognition of Bangladesh. While this is not a bilateral issue for India and Pakistan, it could well figure in any equation which attempted to reduce the possibility of war crimes trials. Bhutto has not ruled out the possibility of his meeting Mujib in India, at the end of June. There are reports that Bhutto at a June 11 cabinet meeting said that the recognition of Bangladesh would take place before the summit, and Aziz Ahmed may have informed the Chinese of this before your talks in Peking.

-- Bhutto has just concluded a trip to fourteen Mid-Eastern and Arab countries. Mrs. Gandhi before the summit will have used her trip to address the UN conference on the environment in Stockholm as a base for visiting Eastern Europe.

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B. On the Chinese Side-- Chinese involvement in Pakistan

. Since the President's February trip to China there has been no substantial change in PRC dealings with Pakistan. The somewhat aloof posture adopted by the Chinese following Pakistan's poor performance in the war with India last fall has been maintained, although arms deliveries have continued, and Peking has not undercut the Pakistani position on Bangladesh by recognizing the new state.

. President Bhutto visited China in late January, and met with Mao Tse-tung. Mao told Bhutto that China had "let Pakistan down" through insufficient aid in the conflict with India--although Mao also criticized the Paks poor military showing. Mao said Pakistani interests would not be served by a defense pact, but said military aid would continue, and that former loan arrangements would be transformed into outright grants, or have their repayment schedules eased. Mao also told Bhutto to seek aid from the U.S.

. Since February the Chinese have maintained military aid deliveries to Pakistan, primarily MIG-19 aircraft. TU-16s are scheduled for delivery beginning at the end of this month, and the Chinese-designed F-9 has been promised to the Paks,

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although deliveries were deferred until the Chinese Air Force had received numbers sufficient for its own needs.

Additional arms deliveries scheduled include tanks and small arms sufficient to equip two divisions, and shore patrol craft.

-- The PRC and Bangladesh

. Peking has made no move as yet to recognize Bangla Desh. Diplomatic reporting in May indicates that the Chinese intend to pace their movement on this question in conjunction with changes in the Pak position, which may be clarified at the late June summit meeting with India. The Chinese seem to anticipate eventual recognition, however.

. In the meanwhile the Chinese have sought to limit Bangla Desh dependence on India by offering to buy \$12 - \$15 million in jute and jute by-products from the new state through their traders in Hong Kong.

-- PRC Relations with India

. Despite hints in diplomatic channels that China would like to normalize its relations with India, there has been no substantial movement in this direction since February. The Chinese continue to challenge Indian influence in the UN through protests against the numbers of Indians holding official posts and opposition to Indian candidates for vacant positions. PRC movement

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DECLASSIFIED

Authority EC 72738 No Objection to Declassification in Part 2010/10/18 : LOC-HAK-468-2-1-9

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in its relations with India seems pegged to Soviet actions, Peking's basic desire being to limit Indian dependence on the Russians while not fully normalizing relations with a former adversary that the Chinese both despise and find a useful whipping boy in their efforts to rally support for their position in the third world.

TOP SECRET / SENSITIVE / EXCLUSIVELY EYES ONLY

No Objection to Declassification in Part 2010/10/18 : LOC-HAK-468-2-1-9

TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYIII. Talking Points

-- We believe that our two countries should continue to stay in close contact on South Asian issues. We view our interests as being essentially parallel -- to prevent any outside power from dominating the subcontinent.

-- Our overall strategy in this regard is as follows

- to support, and encourage others to support, Pakistan economically, militarily and politically as a counterweight to Indian influence.
- to ensure that Bangladesh is not left as a free field to New Delhi or Moscow, but to make no moves with Dacca that complicate Bhutto's tremendous problems.
- to limit our material support to New Delhi, while indicating we are prepared to reestablish a dialogue with India whenever it chooses to do so.

-- We have been keeping you informed of our moves in the subcontinent through our private channel. Let me bring you up to date on what our major actions have been.

-- We have provided about \$150 million in bilateral economic assistance to Pakistan since the end of the war.

-- In addition we have made continuing and strenuous efforts to keep the World Bank Consortium going, despite various pressures,

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during the last year of crisis. The concrete results have been quite impressive:

- . At the end of May the Consortium agreed to provide \$234 million in debt rescheduling for Pakistan over the next year and a half. The U.S. share will be about \$50 million.
 - . The donor countries and the World Bank also announced their intention to extend \$127 million in new program assistance in 1972. The U.S. share will be about \$60 million.
 - . When added to \$40 million in US PL 480 assistance, this brings the Consortium's effective assistance to almost \$400 million.
 - . The donor countries have also announced their willingness to make further pledges and their intention to release an additional \$40 million in the aid pipeline following the successful conclusion of the bilateral debt negotiations.
- We believe we have played the crucial role in this successful effort. Pakistan's 60 % devaluation was also necessary.
- On military assistance, we have a Congressional problem, as we told you. We told Secretary General of the Foreign Ministry Aziz Ahmed when he was in Washington that it would be difficult for us to provide any more aid before the November elections.

-- Thus we have encouraged Pakistan's other friends to help her

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in this regard:

- . We are pleased to hear reports that the PRC this past spring made major deliveries of military equipment to Islamabad.
- . The President had extensive discussions with the Shah of Iran, looking toward a way to help Pakistan with military aid. We are interested in Iran's providing a channel for assistance, but there are legal complications for us in third country transfers. [Fill Chinese in further on President-Shah talks.]

-- Provision of military aid to Pakistan is vital given India's military predominance. I asked Washington to provide me with some figures on the relative strengths of the two sides. [Draw on material attached at Tab A.]

-- On the political side, in addition to keeping you informed, we have supported Pakistan and kept in step with it on our moves with Bangladesh.

-- For example, despite political pressures, we moved slowly on recognition of Bangladesh and recognized it on April 4, well after Bhutto suggested we do so. As he himself observed, our purpose is to give that country other options besides India and the Soviet Union.

-- We have continued our humanitarian assistance through the United Nations channel. This now totals about \$120 million -- \$73 million

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in PL 480 foods and the rest in support of either the UN relief effort operations or our voluntary agencies.

-- On May 30 we signed with Bangladesh our first bilateral agreement for economic aid, about \$90 million, concentrating on rehabilitation projects.

-- All of this has been done with the full knowledge of Islamabad.

-- We have the impression that Bangladesh does not want to be dominated by New Delhi or Moscow.

-- With India, no serious dialogue has begun. We are leaving this door open, but we consider the next move up to India.

-- We have participated in the World Bank Consortium debt rescheduling discussions that began in Paris on June 12. We want to preserve a place at the table in the management of the Indian debt since New Delhi owes us some \$3.6 billion. This does not reflect a change in our basic political course. Our share of the suggested \$100 million for this year would be only about \$12 million.

-- No decision has been made on the resumption of development assistance to India. We are carrying some \$90 million provisionally in the FY 1973 aid program presented to Congress, but no decisions have been made.

-- Secretary Connally will be visiting India, Pakistan, and Bangladesh later this month. He is not carrying any major initiatives with him. The

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purpose is to give the President a first hand look at the area and see where it stands there several months after the war.

-- Interestingly South Asia did not come up in Moscow -- the Russians were not interested in talking about it. It did not figure in my discussions in Tokyo either.

-- I would be interested in hearing the PRC's views on the subcontinent. I understand that Aziz Ahmed has just been here.

-- What is your view of Bhutto's efforts? Of developments in Bangla Desh? Of the upcoming India-Pakistan summit?

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MORE DETAILED RUNDOWN

16 JUNE 1972

MEMORANDUM

IN SEPARATE FOLDER

SUBJECT: THE ARMED FORCES OF INDIA AND PAKISTAN--STATUS
AND PROSPECTS IN THE WAKE OF THE WAR

SUMMARY

1. THE DISPOSITION OF INDIAN AND PAKISTANI TROOPS HAS NOT CHANGED APPRECIABLY SINCE THE END OF THE WAR LAST DECEMBER. THREE-FIFTHS OF INDIA'S GROUND COMBAT FORCES ARE ON THE WESTERN BORDER, FACING ALMOST THE ENTIRE PAKISTANI ARMY. THE REMAINDER OF INDIA'S GROUND COMBAT FORCES ARE IN THE EAST. THE AIRCRAFT AND NAVAL COMBATANTS OF BOTH COUNTRIES HAVE BY AND LARGE RETURNED TO THEIR HOME BASES, BUT COULD REDEPLOY RAPIDLY IN THE EVENT OF RENewed HOSTILITIES.
2. INDIA'S MILITARY SUPERIORITY OVER PAKISTAN WAS INCREASED SIGNIFICANTLY AS A RESULT OF THE WAR, AND THERE IS LITTLE THE PAKISTANIS CAN DO TO REVERSE OR MARKEDLY ALTER THE NEW EQUATION. FOR THE SHORT RUN, PAKISTAN HAS EQUIPMENT LOSSES TO MAKE UP--AND 75,000 TONS ARE STILL IN INDIAN HANDS. OVER THE LONGER RUN, THE ELIMINATION OF A PAKISTANI MILITARY THREAT IN THE EAST HAS ALTERED THE BASIC STRATEGIC SITUATION BY LEAVING INDIA TO CONCENTRATE ITS FORCES.
3. THE BORDER CLASHES SINCE THE CEASEFIRE HAVE BEEN MINOR FOR THE MOST PART. SOME OF THEM SKIRMISHES AND OTHERS ATTEMPTS TO MAKE LOCALIZED CHANGES IN THE CEASEFIRE LINE.
4. BOTH INDIA AND PAKISTAN HAVE RECEIVED NEW MILITARY EQUIPMENT SINCE THE WAR, AND MORE IS ON ORDER. INDIA HAS GOTTEN A FEW FIGHTERS AND SOME SA-2 EQUIPMENT FROM THE USSR AND HAS ORDERED FIVE PETYA-CLASS ESCORTS AND FOUR E CLASS SUBMARINES. IN ADDITION, INDIA'S OWN ARMAMENTS INDUSTRY PRODUCES FIGHTERS, HELICOPTERS, AND GROUND FORCE EQUIPMENT.

END PAGE ONE

SECRET

5. THE PAKISTANIS HAVE GOTTEN PATROL BOATS AND FIGHTERS FROM CHINA, AND ANTICIPATE GETTING EQUIPMENT FOR TWO ARMY DIVISIONS. THE FRENCH ARE SELLING THEM MIRAGE FIGHTERS, PATROL AIRCRAFT, AND HELICOPTERS.

OVER

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GROUND FORCES

6. THE INDIANS HAVE DEPLOYED 13 INFANTRY AND MOUNTAIN DIVISIONS AND THEIR ONLY ARMORED DIVISION ALONG THE BORDER WITH PAKISTAN IN THE WEST. THE SOME 320,000 TROOPS ARE SPREAD FROM THE RAMN OF KUTCH AREA IN THE SOUTH TO NORTHERN KASHMIR, WITH THE LARGEST CONCENTRATION IN KASHMIR AND THE AREA IMMEDIATELY TO THE SOUTH.

7. THE REMAINING 11 INDIAN ARMY DIVISIONS ARE DEPLOYED IN THE EAST AROUND BANGLADESH AND FACING THE BORDER WITH CHINA. THESE SOME 200,000 TROOPS ARE ALMOST ENTIRELY IN MOUNTAIN DIVISIONS. EXCEPT FOR A FORCE OF ABOUT BRIGADE SIZE, ALL INDIAN TROOPS HAVE WITHDRAWN FROM BANGLADESH ITSELF. SOME OF THE REMAINING TROOPS ARE IN THE REMOTE SOUTHEASTERN HILL REGION OF BANGLADESH TO HELP QUELL UNREST. THE MAIN ELEMENTS ARE IN AND AROUND Dacca AND COMPRISE THE INDIAN DEFENSE MISSION PROVIDING ASSISTANCE AND TRAINING TO THE NASCENT BANGLADESH MILITARY.

8. PAKISTAN STILL HAS ITS ENTIRE ARMY--230,000 GROUND COMBAT TROOPS--DEPLOYED NEAR THE BORDER WITH INDIA. ALTHOUGH ITS 13 INFANTRY AND 2 ARMORED DIVISIONS ARE SPREAD THE LENGTH OF THE BORDER, THE HEAVIEST CONCENTRATION IS BETWEEN LAHORE AND THE AREA WEST TO THE NORTHEAST OF ISLAMABAD, ROUGHLY ADJACENT TO THE AREA WITH THE GREATEST NUMBER OF INDIAN GROUND TROOPS. SOME 75,000 PAKISTANI TROOPS STILL REMAIN IN INDIAN HANDS AS A RESULT OF ISLAMABAD'S DEFEAT IN THE EAST.

9. BOTH THE INDIAN AND PAKISTANI AIR FORCES ARE CONCENTRATED IN THE SAME GENERAL GEOGRAPHIC REGIONS AS THE GROUND TROOPS, BUT FARTHER BACK FROM THE BORDERS. THE PAKISTANIS HAVE MORE THAN 250 FIGHTER AND BOMBER AIRCRAFT DEPLOYED IN 14 SQUADRONS. OF THESE, 9 FIGHTER-BOMBER SQUADRONS--COMPOSED OF MIRAGE IIIS, F-56S, AND CHINESE-BUILT MIG-19S--ARE STATIONED IN THE NORTHERN PART OF THE COUNTRY, PRIMARILY AT SARGODHA AND PESHAWAR AIRFIELDS. THE OTHER 5 AIR FORCE SQUADRONS, STATIONED NEAR KARACHI IN THE SOUTH, CONSIST OF F-56S AND CANBERRA AND IL-28 BOMBERS.

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10. THE INDIAN AIR FORCE IS MORE THAN TWICE AS LARGE AS PAKISTAN'S. IN THE NORTHWESTERN PART OF INDIA WITHIN RANGE OF THE BORDER WITH PAKISTAN THERE ARE SEVEN MAJOR AIRFIELDS AT WHICH THE INDIANS HAVE DEPLOYED MORE THAN 20 SQUADRONS OF FIGHTER AND BOMBER AIRCRAFT. THESE SQUADRONS ARE EQUIPPED WITH SOME 300 AIRCRAFT, PRIMARILY MIG-21 INTERCEPTORS, SU-7S AND HAWKER HUNTERS FOR GROUND SUPPORT, AND CANBERRA BOMBERS. IN THE EAST AROUND BANGLADESH AND NEAR THE BORDER WITH CHINA, INDIA HAS SIX MAJOR AIRFIELDS NORMALLY HOUSING 75 SUPERSONIC FIGHTERS, 75 SUBSONIC FIGHTER-BOMBERS, AND 15 MEDIUM-RANGE TACTICAL JET BOMBERS.

NAVAL FORCES

11. PAKISTAN'S ENTIRE FLEET IS IN KARACHI. THE MAIN ELEMENTS ARE 6 DESTROYERS, 3 SUBMARINES, AND 4 NEWLY RECEIVED CHINESE-BUILT SHANGHAI FAST PATROL BOATS.

12. THE INDIAN NAVY IS DIVIDED ROUGHLY IN HALF BETWEEN KOLKATA IN THE WEST AND VISAKHAPATNAM ON THE BAY OF BENGAL. IN KOLKATA THE INDIANS USUALLY KEEP A SUBMARINE, A COUPLE OF LIGHT CRUISERS, AND 6 DESTROYERS PLUS THE 6 SOVIET-BUILT OSA MISSILE PATROL BOATS WHICH WERE USED SO EFFECTIVELY IN THE RECENT WAR. IN THE BAY OF BENGAL ARE NORMALLY PORTED THE INDIAN AIRCRAFT CARRIER, 3 SUBMARINES, 4 DESTROYERS, AND VARIOUS SMALL PATROL CRAFT.

PROSPECTS FOR THE FORCES

13. MOST OF THE INDIAN AND PAKISTANI FORCES NOW DEPLOYED-- PARTICULARLY THE GROUND TROOPS--ARE LIKELY TO REMAIN IN PLACE AT LEAST UNTIL AN AGREEMENT INCLUDING BORDER DEFINITION AND EXCHANGE OF PRISONERS HAS BEEN REACHED. MAINTAINING LARGE NUMBERS OF TROOPS IN THE FIELD FOR EXTENDED PERIODS COSTS MONEY, CAUSES INCREASED WEAR ON EQUIPMENT, BRINGS MAINTENANCE PROBLEMS, AND POSES A DRAIN ON POL STOCKS AND OTHER SUPPLIES. THESE PROBLEMS, HOWEVER, ARE LIKELY TO BE MORE DIFFICULT FOR THE PAKISTANIS TO DEAL WITH THAN FOR THE INDIANS. IN ADDITION, MORALE HAS REPORTEDLY BECOME A NOTICEABLE PROBLEM FOR THE PAKISTANI TROOPS, PRIMARILY BECAUSE THERE ARE ALMOST NO RESERVE UNITS TO ROTATE FORWARD TO RELIEVE THOSE NOW DEPLOYED ON THE BORDER.

14. EVEN WITH THE EVENTUAL RETURN OF THE PAKISTANI PRISONERS HELD BY INDIA AND THE RESUPPLY OF ISLAMABAD'S ARMED FORCES, PRINCIPALLY BY CHINA AND FRANCE (SEE PARAGRAPH 18), INDIA'S MILITARY SUPREMACY OVER PAKISTAN IS ASSURED FOR THE FORESEEABLE FUTURE. ELIMINATION OF THE PAKISTANI THREAT ALONG INDIA'S

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EASTERN BORDER HAS PERMITTED NEW DELHI TO CONCENTRATE ITS ATTENTION IN THE WEST--THE ONLY AREA WHERE THE PAKISTANI ARMY FORCE CAN THREATEN INDIA.

15. THE INDIANS ARE CAPABLE OF MUCH GREATER REINFORCEMENT ALONG THE COMMON BORDER THAN ARE THE PAKISTANIS. INDIA COULD ASSEMBLE A GROUND COMBAT FORCE IN THAT AREA TWICE AS LARGE AS ANY FORCE PAKISTAN COULD MUSTER WHILE KEEPING ADEQUATE FORCES ON THE EASTERN BORDERS. ALTHOUGH THERE WERE SOME LOSSES IN AIRCRAFT DURING THE WAR, THE INDIANS CONTINUE TO HOLD AT LEAST A TWO-TO-ONE ADVANTAGE IN FIGHTER AIRCRAFT OVER THE PAKISTANIS. THE GROWING INDIAN NAVY--WITH ITS OSA MISSILE BOATS--OUTFOUGHT THE PAKISTANI NAVY AND PROBABLY WOULD DO SO AGAIN.

FOREIGN MILITARY ASSISTANCE

16. SINCE THE WAR, BOTH INDIA AND PAKISTAN HAVE RECEIVED ADDITIONAL MILITARY EQUIPMENT AND MORE IS ON ORDER. FROM THE SOVIET UNION, INDIA HAS RECEIVED SEVEN MIG-21 FIGHTERS, MORE SA-2 EQUIPMENT, AND A GENERAL COMMITMENT TO INCREASE MILITARY SUPPORT. INDIA ALSO HAS RECEIVED SOME GROUND FORCE EQUIPMENT FROM EAST EUROPEAN COUNTRIES AND ADDITIONAL TAC-1 CAT AIR DEFENSE MISSILE EQUIPMENT FROM THE UK. THE USSR HAS AGREED TO SUPPLY FIVE PETYA-CLASS FRIGATES, FOUR T-CLASS SUBMARINES AND OTHER NAVAL CRAFT.

17. IN ADDITION, THE INDIANS CONTINUE TO MAINTAIN THEIR OWN ARMAMENTS INDUSTRY, WITH THE ASSISTANCE OF VARIOUS COUNTRIES. INDIA PRODUCES MIG-21 FIGHTERS UNDER SOVIET LICENSE, GNAT FIGHTERS AND A MEDIUM TRANSPORT AIRCRAFT UNDER BRITISH LICENSE, AND ALOUETTE HELICOPTERS AND ANTITANK MISSILES UNDER FRENCH LICENSE. NEW DELHI ALSO PRODUCES THE INDIGENOUSLY-DESIGNED HF-24 FIGHTER, A SMALL TRAINER AIRCRAFT, AND MANY TYPES OF GROUND FORCE EQUIPMENT, INCLUDING THE VIJAYANTA MEDIUM TANK.

18. THE PAKISTANIS, SINCE THE WAR HAVE TAKEN DELIVERY OF FOUR SHANCHAI-CLASS PATROL BOATS AND 32 MIG-19 FIGHTERS FROM CHINA. THE CHINESE ALSO HAVE AGREED TO EQUIP TWO PAKISTANI ARMY DIVISIONS AND MAY BE CONTRACTING TO SUPPLY THE PAKISTANIS WITH F29 FIGHTER BOMBERS AND TU-16 JET MEDIUM BOMBERS. THE PAKISTANIS HAVE CONTRACTED WITH FRANCE FOR AT LEAST 12 MIRAGE 3 FIGHTERS (DELIVERY OF WHICH IS TO BEGIN SOON), AND A SMALL NUMBER OF ALOUETTE HELICOPTERS.

END PAGE FOUR

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BORDER CLASHES

19. BORDER CLASHES BETWEEN THE OPPOSING INDIAN AND PAKISTANI FORCES HAVE BEEN A REGULAR OCCURRENCE SINCE THE WAR LAST DECEMBER. USUALLY THESE ARE LITTLE MORE THAN LIMITED TROOP SKIRMISHES AND EXCHANGES OF ARTILLERY FIRE ABOUT WHICH THE PAKISTANIS COMPLAIN MORE THAN DO THE INDIANS. EVEN WHEN THE FIGHTING DOES LOOM LARGE, AT LEAST IN THE WORLD PRESS, THE INDIANS HAVE CHARACTERIZED IT AS UNIMPORTANT. FOR EXAMPLE, IN EARLY MAY INDIAN DEFENSE MINISTER RAM (IN AN OFF-THE-RECORD BRIFFING JUST AFTER WHAT MOST OBSERVERS REGARDED AS A SERIOUS BORDER CLASH IN KASHMIR) STATED THAT SUCH INCIDENTS WERE ATTEMPTS TO STRAIGHTEN THE LINES FOR STRATEGIC REASONS. RAM EXPLAINED THAT INDIAN LOSSES WERE LIGHT AND ALTHOUGH INDIAN TROOPS WERE LATER FORCED BACK THE INCIDENT WAS NOT CONSIDERED SERIOUS BY NEW DELHI.

20. SUCH ATTEMPS BY BOTH SIDES AT MINOR ALTERCATIONS OF THE PRESENT CEASE-FIRE LINE IN THOSE PLACES WHERE ONE SIDE MAY BELIEVE IT HAS SOME ADVANTAGE PROBABLY WILL CONTINUE. ALTHOUGH SOME CLANDESTINE REPORTING SUGGESTS THAT EACH SIDE THINKS THE OTHER MAY RESUME FULL-SCALE HOSTILITIES AT ALMOST ANY TIME, THERE IS NO HARD EVIDENCE TO SUPPORT THIS POSSIBILITY.

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TAIWAN

I. FEBRUARY TALKS

PM Chou's Position

- (In response to US five principles) China has waited 25 years and can wait a few years more.
- When Taiwan returns to motherland, PRC will not use it for nuclear bases, or any bases against Japan.
- While US forces are on Taiwan, PRC forces will not engage in military confrontation with them.
- It is PRC's hope, but only a hope, that liberation of Taiwan can be achieved in President's second term. Ten years (once mentioned by HAK) is too long.
- PRC doesn't ask US to remove Chiang. "We will take care of that ourselves," and peacefully. PRC has "self-confidence."
- If one has profound understanding one can see there is common ground on this question. Only because of spirit of Mao, and people's trust in him, can PRC dare to solve problems this way.

The President's Position

- US agrees to five principles: 1) There is one China, and Taiwan is part of China; 2) US will not support any Taiwan

independence movement; 3) We will use our influence to discourage Japan from moving into Taiwan or supporting Taiwanese independence; 4) We will support any peaceful resolution of the issue that can be worked out, and will not support a military return to the mainland; and 5) We seek normalization of US-PRC relations.

-- Two-thirds of US forces on Taiwan are Vietnam-related and will be removed as SEA situation is resolved. Reduction of remainder will go forward as progress is made on peaceful resolution of Taiwan problem -- gradually but inevitably. Has to be over period of four years.

-- It is important to whole US-PRC relationship that public positions on Taiwan not give ammunition to enemies of the relationship. Goal is to find language that meets PRC needs but doesn't stir up opponents at home. We don't want to be forced into stronger pro-Taiwan statements when we return.

-- President needs to be able to say "no secret deals" on Taiwan.

-- A permanent American military presence on Taiwan is not necessary to American security.

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Taiwan

II. Developments Since the President's Visit

A. On the U. S. side

- You have taken the position that there should be no further withdrawals of U. S. forces from Taiwan so long as the Vietnam war continues, with the possible exception of a reduction in personnel related to our nuclear weapons stored on Taiwan if the removal of some of these weapons is considered desirable.
- A reduction of some 240 Army Security Agency spaces for budgetary reasons will nevertheless be effected by June 30. You decided not to oppose this reduction, which is minimal in terms of our total force level on Taiwan (approximately 9000 men).
- At the same time, however, we have moved two C-130 squadrons to Ching Chuan Kang airfield on Taiwan as part of the general build-up in support of the Vietnam war. This has involved 600 men, leaving us with a net increase of U. S. forces on Taiwan despite the draw-down of the Army Security Agency unit. (See Tab A for the break-down of U. S. forces on Taiwan.)
- We approached the ROC on June 5 to request its approval for the use of Hsin Chu airfield on Taiwan as a safehaven for B-52's evacuated from Guam because of weather. The ROC replied favorably on June 12. Hsin Chu would be used only if space elsewhere, e. g., at Kadena on Okinawa or on fields in Japan proper, were not available.

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- In terms of U.S.-ROC political relations, Marshall Green has visited Taipei and told top ROC leaders of our continued support and of the continued validity of the U.S.-ROC Mutual Defense Treaty. (The ROC has accepted this, and public confidence in Taiwan's future remains high. As an example, economic activity has actually increased--Taiwan's exports for the first quarter of 1972 are up 33% over the same period last year.)
- We are currently considering ways to help preserve Taiwan's membership in the International Financial Institutions (the IBRD, the IMF, the Asian Development Bank, etc.). The ROC considers such membership important to its uninterrupted economic development, which has become its major preoccupation now that its international political role is shrinking. The PRC has shown no interest in entering the IFIs, but some of its friends who are members may try to get the ROC expelled.
- We have taken action to defer until further notice a Defense move to transfer two submarines to the ROC, in theory for use in anti-submarine warfare exercises. (An ROC submarine crew began training in New London in March.)
- We have been under some pressure from personages, such as Senator Goldwater, to give two squadrons of F-4s to the ROC.

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B. On the Chinese Side

- There has been no public commentary from any PRC source regarding the possible relationship to the Vietnam war of "China's territory, Taiwan," nor has any private comment been made. The arrival of the C-130 squadrons passed without reaction, although Peking is certainly aware of it.
- In conversations with foreign visitors, Chou En-lai has made references to the need to setting a higher priority in settling the Vietnam war than in settling the Taiwan issue as a factor in improved PRC-U.S. relations. This could imply among other things an awareness that U.S. troop withdrawals from Taiwan cannot necessarily be expected while the Vietnam war continues.

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Taiwan

III. Issues and Talking Points

The Chinese are likely to be concerned above all over the involvement of "China's territory, Taiwan," in direct support of our stepped-up military measures against North Vietnam. In addition, they may see the continued tension in Vietnam as operating against the kind of U. S. military withdrawal from Taiwan which was referred to in the Joint Communiqué. Conceivably the Chinese might regard this situation as inhibiting the political evolution of Taiwan's political status in a direction favorable to the PRC, though they may not specifically say so.

A. Anticipated Chinese Position

- The PRC has noted the fact that some facilities on Taiwan are being used by the U. S. in direct support of its military activities in Vietnam. This involves China's territory in the Vietnam war, and creates problems for the PRC.
- In addition, not only has there been no reduction of U. S. forces on Taiwan, an increase has actually occurred.
- These two developments cannot be considered in keeping with either the letter or the spirit of the Shanghai Joint Communiqué, and raises questions concerning the President's sincerity.

B. Your Position

- You want the Chinese to know that nothing which has happened since the President's visit to the PRC invalidates what he said then with respect to Taiwan or is in our opinion inconsistent

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with the Joint Communiqué.

-- We fully intend to adhere to the principles which the President reaffirmed to you in February; we have in fact been adhering scrupulously to them. For the record, these are:

- (1) There is one China and Taiwan is part of it;
- (2) We will not support any Taiwan Independence Movement
- (3) We will discourage Japan from moving into Taiwan or supporting Taiwan independence;
- (4) We will support any peaceful resolution of the issue;
- (5) We seek normalization of U.S.-PRC relations.

-- Our force reduction on Taiwan to date has not proceeded as we had foreseen in February. This is directly due to the massive North Vietnamese invasion of South Vietnam, which has necessitated a retention of our Vietnam-related forces on Taiwan.

-- [If the Chinese refer to an increase of U.S. forces on Taiwan, you should acknowledge that there has been a slight increase. However, there has actually been a reduction in our forces which are there for the defense of Taiwan or which have a regional responsibility.]

-- We still plan -- as the President pledged -- to remove from Taiwan the two-thirds of our forces related to Southeast Asia

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as the conflict is brought to a close. Nobody would be more pleased than the President to see tensions in the area subside so that the evolutionary process envisaged by the President in his conversations with Prime Minister Chou might continue.

- Reduction of the remainder of our forces will go forward as progress is made on the peaceful resolution of the Taiwan problem.
- You would of course welcome any thoughts which the Chinese may have on this problem, which we recognize is of cardinal importance to them, and you are quite prepared to discuss the issue at length.
- Of one thing the Chinese may be sure: none of our forces on Taiwan are there for any hostile purposes directed against the PRC. We have also seen to it that the Taiwanese forces do not possess a significant offensive capability against the China mainland.

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U.S. FORCE LEVELS IN TAIWAN AS OF APRIL 15, 1972

(Figures in parentheses represent December 31, 1971 strengths)

Total Including Dependents	Total Military Personnel	Army	Navy	Air Force	Marines	Total Dependents
14,691 (13,822)	8,477* (8,068)	747 (911)	795 (832)	6,921 (6,311)	14 (14)	6,214 (5,714)

* Of U.S. military personnel, approximately 2,200 are directly related to the defense of Taiwan. The other approximately 6,250 are related to strategic regional needs; and of these about 4,750 are assigned to the air transport unit stationed Ch'ing-ch'uan-kang Air Base in support of our Vietnam effort.

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Authority EU72758By RJ NARA Date 6-26-07SECRET/NODIS/HOMERBACKGROUND PAPER: THE PRC IN THE UNITED NATIONS

The People's Republic of China apparently sees its participation in the United Nations as a means of asserting its identity with, and leadership of, the "third world." All of the positions it has taken on issues before the UN have been consistent with this objective.

At the same time the Chinese have been cautious in choosing which issues to engage and have demonstrated considerable flexibility in the sense that they have been willing either to vote in favor of or abstain on resolutions they could not support, but did not regard as totally unacceptable, making an explanation of their vote for the record. When faced with a conflict between its own "principles" and third world or bilateral considerations, the PRC has adopted the tactic of not participating (as opposed to abstaining) in the vote: e.g. the Security Council decision on the Cyprus question in December. In this connection, Pakistan representatives have suggested that if their request for observers had reached the Security Council, the PRC would have similarly found a way around its principled opposition to peace-keeping operations, probably by not participating in the vote, thus allowing the resolution to be approved.

In the first few weeks of the 26th General Assembly, the Chinese established their anti-superpower theme and sought to identify with the third world. During this period they avoided attending committee meetings or making commitments, arguing that they were unprepared and unfamiliar with UN procedures. Toward the end of the assembly session and in the UN since the close of the 26th session, the Chinese have been more active on the issues.

The Issues:

Disarmament - On November 24 the PRC circulated its July 30 response to the USSR's June 15 proposal for a world disarmament conference. Then, on November 26 Ch'iao Kuan-hua attacked the Soviets in a highly dramatic

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and personal manner, stating categorically that the PRC would not participate in any vote on the Soviet proposal and would assume no obligation as a result of the vote. Later, on December 16, the PRC, apparently taking note of third world support for the world disarmament conference concept, stated that it would vote in favor of an amended version of the resolution with the understanding that China's prerequisites for such a conference were a pledge by the superpowers of non-first use of nuclear weapons and the withdrawal of all forces from nuclear bases outside the superpowers' territory.

Security Council consideration of the Biological Warfare Convention presented the PRC with another conflict between principle and third world considerations. The Convention has the support of most less developed countries; Peking opposes it and might have been expected to follow the non-participation tactic. However, the Chinese saw the plans for Security Council endorsement of the Convention as evidence of a plot to maneuver the PRC into accepting a two-China policy, since the Republic of China had signed the Convention in Washington. Instead of adopting the non-participation tactic, which would have placed it in a neutral position vis-a-vis the third world, Peking, in this instance, threatened to veto the resolution. In the face of this threat the Security Council session was not held. In making this decision, the PRC was not forced to sacrifice the interest of the third world in order to defend the "one China" position. The PRC was doubtless aware that the inability of the Security Council to approve a resolution endorsing the Convention had no practical effect on the Convention itself, which is now in force.

Colonialism - The PRC has taken an active stance on decolonization, probably because on this issue the PRC has a clearly defined position and is not confronted with the need to reconcile its principles with third world considerations. At the African meetings of the Security Council (in Addis Ababa) the PRC competed with the Soviet Union in proposing extreme resolutions condemning the United States and the UK. The Africans have used this support in their negotiations with us, warning that unless we are prepared to go further in our policies in Africa, the moderate Africans will be unable to continue blocking passage of PRC-sponsored resolutions.

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Law of the Sea - PRC statements have been strident, charging the superpowers with exploitation of the resources in the sea at the expense of the less developed coastal states. Peking's statements, however, have demonstrated little appreciation for the subtleties of the issue or the shifting position of the third world countries themselves. For example, most of the third world countries, including the Latin Americans, are now talking about a 200 mile or broad zone of "exclusive economic jurisdiction" and have largely abandoned claims to a 200 mile territorial sea. The PRC has yet to take this change into account and is still supporting the right of states to declare 200 mile territorial seas.

Development - At UNCTAD III at Santiago, the PRC engaged again in the familiar attacks on the US and the USSR and pledged its support for the third world's efforts to resist superpower exploitation. For the first time since the PRC was seated in the UN there was some private third world criticism of PRC posturing, which some delegates apparently felt did not contribute to resolving the pressing problems of the third world in the trade and development field.

Stockholm Conference - The PRC apparently has decided to use the Stockholm Conference on the Environment as a relatively "safe" opportunity to attack the United States in the strongest terms yet in a UN forum, not only for our alleged policies of "plunder" but also for our actions in Viet-Nam. The Stockholm meeting probably appears to the Chinese as the ideal occasion for such attacks. The PRC knows that most less-developed countries view international efforts to protect the environment with suspicion. The PRC's plenary statement that each country has the right to determine its own environmental standards and policies in the light of its own conditions and that no country whatsoever should undermine the interests of the developing countries "under the pretext of protecting the environment" obviously appeals to countries which suspect that environmental concerns may be used to deny them the benefits of economic development. Attacks on the US for conducting ecological warfare in Viet-Nam, which has the effect of shifting the focus of attention away from the

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ecological problems involved in the development process, probably will be greeted by many of the less developed countries with satisfaction and relief. Also, since the Stockholm Conference does not involve major issues of war and peace, Peking probably assumed that we do not regard it as a serious conference, assuming it produces some reasonably satisfactory and pious statement on the importance of protecting the environment, and therefore that we would not overreact to the PRC's choosing this forum in which to attack our Viet-Nam policy.

Conclusions - Thus far the PRC has used the United Nations as a forum for identifying with and asserting leadership over the less developed world. In its first few months of participation in the United Nations, the PRC has been able to win points with the third world by simply attacking the US and the USSR on various issues dear to the less developed countries. At some point, however, the PRC is going to have to demonstrate to these countries that somehow PRC participation in UN debates leads to more favorable results for the LDC's than was the case before the PRC was seated. To bring about favorable results, however, on such issues as trade, aid, development, law of the sea and disarmament, the PRC will increasingly find itself forced to compromise some of its positions and engage in serious give and take. It will also find that the third world is not a world at all but a collection of countries which disagree with one another as often as they agree because they have different interests and favorite issues. As the Soviet Union has apparently already learned, it is impossible to appeal to all of these countries simultaneously. There appears little chance of our doing anything to change PRC behavior in the United Nations at least until the PRC is educated by its own experience in the organization to the realities of diplomacy in international organizations. Recommend, therefore, that you not raise UN matters with the Chinese. We do not anticipate that they will raise the UN except to address specific issues such as Korea, which is the subject of a separate paper.

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THE UNITED NATIONS
Issues and Talking Points

The Chinese have vigorously continued their efforts to identify themselves with the "third world," to disclaim any intention on the PRC's part to become or function as a superpower, and to attack the two superpowers, the USSR and the US, for taking actions allegedly detrimental to third world interests. Some of this may creep into Chinese remarks to you. You will want to note in a low-key way that while we of course expect the Chinese to stand by their principles, some toning down of the adjectives used by their spokesmen might be in order.

You will want to express regret at the death of a Chinese UN staff member if this subject comes up. A separate talking paper for

Anticipated Chinese Position

- China will not join the ranks of the superpowers but will identify itself with the third world, i.e., the underdeveloped nations of the world, and will promote the interests of the countries in this category.
- In working to advance third world interests, China will take a principled stand wherever the policies and actions of the superpowers are in conflict with these interests. This will of course make it necessary for China to criticize the US as well as

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Your Position

- We fully expect the Chinese to stand on principle and to express their positions fully on issues being considered in various national forums.
- We are impressed by the zeal with which Chinese representatives in a number of these forums have been expressing the PRC positions.
- We would note, though, that some of the adjectives used by Chinese representatives have tended to be quite strong, and have raised political temperatures.
- There are at the moment many pressing questions confronting mankind as a whole for which solutions urgently need to be arrived at. You have the feeling that such solutions might be more readily arrived at if the political atmosphere can be kept from becoming overcharged. Cooperation rather than confrontation is an important ingredient in reaching international accord.

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BY ROBERT MUSEL

STOCKHOLM (UPI)--THE KEY DOCUMENT OF THE U.N. CONFERENCE ON THE ENVIRONMENT WAS FINALLY FORCED OUT OF COMMITTEE TODAY AFTER CHINESE OPPOSITION TO A NUCLEAR TEST BAN SO UNYIELDING IT EVEN LOST THE SUPPORT OF ITS OWN ALLIES IN THE THIRD WORLD.

THE CHINESE STAND, WHICH ALMOST WRECKED THE DECLARATION ON THE HUMAN ENVIRONMENT INTENDED TO ESTABLISH GUIDELINES FOR THE BEHAVIOR OF NATIONS IN THE ECOLOGICAL AGE, LED TO REPORTS PEKING IS PREPARING A NEW SERIES OF NUCLEAR TESTS.

IF THESE REPORTS ARE TRUE, A CONFERENCE SOURCE SAID, IT WOULD HELP EXPLAIN CHINESE ANXIETY TO KEEP THE GATHERING OF 114-NATIONS FROM WRITING A BAN INTO A DOCUMENT WITH MORAL AS WELL AS PRACTICAL SIGNIFICANCE.

THE DOCUMENT THAT WILL GO BEFORE THE FINAL SESSION OF THE 12-DAY CONFERENCE AFTER 1400GMT TODAY WAS ORIGINALLY DRAFTED BY A U.N. COMMITTEE BUT WAS HEAVILY REWRITTEN BY INDIA, AND AFRICAN AND OTHER DEVELOPING NATIONS IN A WEEK OF HARD POLITICAL INFIGHTING.

THE PREAMBLE PUBLISHED TODAY WATERED DOWN THE ORIGINAL TEXT ON THE DANGERS OF OVERPOPULATION TO A STATEMENT THAT IT IS INDEED A PROBLEM BUT THAT "OF ALL THINGS IN THE WORLD PEOPLE ARE THE MOST PRECIOUS."

DESPITE THE HOPES OF THE U.S. AND OTHER DEVELOPED COUNTRIES THAT THE DECLARATION WOULD BE A HISTORIC AND NON-POLITICAL STATEMENT OF PRINCIPLES IT NOW INCLUDES A PARAGRAPH CONDEMNING "POLICIES PROMOTING OR PERPETUATING APARTHEID, RACIAL SEGREGATION, DISCRIMINATION, COLONIAL AND OTHER FORMS OF OPPRESSION AND FOREIGN DOMINATION."

ANOTHER "PRINCIPLE" DEMANDS THAT PLANNING PROJECTS "DESIGNED FOR COLONIALIST AND RACIST DOMINATION MUST BE ABANDONED."

CHINESE OPPOSITION LED TO THE DROPPING OF THE PRINCIPLE THAT NATIONS SHOULD BE LIABLE TO PAY COMPENSATION IF ANY ACTIVITY WITHIN THEIR ORDERS CAUSES DAMAGE TO ANOTHER COUNTRY. IT WAS REPLACED BY A VAGUE PARAGRAPH CALLING FOR COOPERATION TO PREVENT, ELIMINATE OR REDUCE ADVERSE ENVIRONMENTAL EFFECTS RESULTING FROM ACTIVITIES IN ALL SPHERES.

THE COMMITTEE AGREED TO DELETE A PRINCIPLE DEALING WITH A NATION'S RIGHT TO DEMAND INFORMATION ON ENVIRONMENTAL DANGERS FROM ANOTHER AND SENT IT INSTEAD TO THE U.N. GENERAL ASSEMBLY FOR A DECISION.

A PRINCIPLE PROPOSED BY URUGUAY RECOMMENDING THE FREE FLOW OF SCIENTIFIC RESEARCH AND DEVELOPMENT ON ENVIRONMENT TO ALL COUNTRIES WAS ALSO REFERRED TO THE GENERAL ASSEMBLY.

CHINA HAD DEMANDED IN PLACE OF A NUCLEAR BAN THE DESTRUCTION OF ALL NUCLEAR, BIOLOGICAL AND CHEMICAL WEAPONS. HER DELEGATION CHIEF, KANG TE, SAID HIS COUNTRY HAS TO HAVE NUCLEAR ARMAMENTS FOR SELF DEFENSE IN THE PRESENT WORLD SITUATION.

DURING A LULL IN THE DISCUSSION ONE VETERAN DELEGATE SAID TO KANG TE, APROPOS HIS ISOLATION FROM HIS THIRD WORLD FRIENDS: "YOU CHINESE HAVE GREAT WISDOM SO HOW DID YOU LET YOURSELF GET INTO SUCH A POSITION?"

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Authority EO 12958By RI NARA Date 6-26-07TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYDeath of a PRC U.N. Staff MemberBackground

A low-level staff member of the PRC's UN mission, Wang Hsi-tsang, was found dead in his bedroom at the Roosevelt Hotel on February 7, 1972. The Chinese reported the death to New York City authorities and asked them to conduct an investigation. An autopsy indicated that Wang had died of nicotine poisoning. Foul play from some source was very likely involved. Subsequent efforts by the police to question PRC officials and delegation members were resisted by the Chinese, who refused to have their mission members fingerprinted or interrogated. In an official press release of mid-May the Chinese asserted (as they had with us in private) that Wang's death "was due to causes from outside the Chinese mission." Wang's body has now been cremated, and his ashes returned to Peking.

Anticipated Chinese Position

In a meeting with Ambassador Bush on June 7, Huang Hua took a low-key position on Wang's death, expressing concern that such an incident had occurred so soon after the PRC's U.S. delegation had arrived in New York, and maintaining that it was up to U.S. authorities to come up with a solution to the case. We expect that this position reflects Peking's views on the matter.

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Your Position

- (If the Chinese raise the matter.) We regret this unfortunate incident. It is our policy to do all we can to provide adequate security protection for diplomatic missions at the U.N.
- We are interested in facilitating additional investigation of this case. Such an effort would be aided by cooperation from the PRC's U.N. mission in the matter of fingerprinting and interrogation of its staff members.
- We would be willing to consider any suggestions or recommended actions that PRC authorities might have in this matter.

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U. S. PRISONERS IN CHINA

I. February Talks

Prime Minister Chou's Position

-- Downey has behaved rather well. Therefore it is possible to take further measures when there is opportunity. That will take some time. Complicated process because no diplomatic relations and no legal precedent.

The President's Position

-- Downey was guilty, and PRC has shown compassion in commuting his sentence. Downey's mother is now old. Chou must make judgment, but release would make enormously good impression in U. S. as did Fecteau's and Harbert's release.

-- U. S. hopes two flyers in China will be treated well until POW matter is settled with North Vietnam.

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AMERICAN PRISONERS IN CHINA

II. Developments Since the President's Visit

A. On the U.S. Side

-- After the President's return from China, the family-- especially the brother--of Jack Downey expressed considerable unhappiness to us through third parties (but not to our knowledge directly) over the fact that the President's visit had not resulted in Jack's release. (Downey's sentence was commuted in December 1971 from a life sentence to one of five more years.)

-- The same was true from the wife and the father of Lt. Flynn, one of the two fliers from the Vietnam war who were downed over China. Members of your staff contacted both of them to assure them that the President had indeed raised the prisoner issue with the Chinese and had referred to Lt. Flynn in this connection. [redacted] mentioned that her husband had written her to say he had been taken on tours, leading her to believe that the Chinese were beginning to move on this issue.

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-- We did not hear from the family of Major Smith, the other detained flier, but heard that [redacted] had been in touch with them.

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-- We could of course not make public the fact that Chou En-lai had spoken to the President about a possible further review of Downey's case, nor could we let it be known that the two fliers from Vietnam were regarded by the Chinese as being in a special category, i. e., that their release was dependent on the release of the POWs held by the North Vietnamese.

B. On the Chinese Side

-- Senator Mansfield's report to the President of his and Senator Scott's meeting with Chou En-lai during their April 16 - May 6 visit, Mansfield noted that Chou En-lai told him Downey's case was being "considered" further because his mother was old. Chou added that "the issue of the two American pilots captured as a result of Indochina hostilities is a different matter." There was nothing further from Chou on this subject. (Note: You authorized Secretary Laird to brief Scott and Mansfield on the prisoners prior to their departure for the PRC in April.)

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AMERICANS IMPRISONED IN CHINA

Issues and Talking Points

You will want to mention the Downey case again in a low-key way at the last meeting before leaving the PRC. You should also touch on the cases of Lt. Flynn and Major Smith to be able to say that you did so, and in the remote chance that the Chinese might be responsive.

A. Anticipated Chinese Position

-- [The Chinese are likely to reiterate the line that they gave to Senator Mansfield: Downey's case is being "considered" because his mother is old, but "the issue of the two American pilots captured as a result of Indochina hostilities is a different matter."]

B. Your Position

-- Anything which the Chinese side can do with respect to the American prisoners would be enormously appreciated by the American people.

-- You raise this not as a question of legalities, but strictly as a compassionate matter.

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-- We have heard from the families of all the men, who of course have asked for our help. But many other Americans have written to us about the prisoners, and the prisoner issue is one to which a great deal of attention in the U.S. is being directed.

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John Thomas Downey

Date and place of birth: [redacted] in Wallingford, Conn.

(b)(6)

Education: Elementary School:

[redacted]
Dates attended: 1941 - 1944

(b)(6)

High School:

[redacted]
Dates attended: 1944 - 1947

(b)(6)

College:

[redacted]
Dates attended: 1947 - 1951

(b)(6)

Education level attained: B. A. in English,
Yale University

Military Service:

U. S. A. Navy Reserve

Rank: SR

Dates: July 1948 to 1952

Stationed in New Haven, Conn.

Employment History:

During college and in the summer between school terms John Downey engaged in various short-term or part-time jobs. These included a stint as a truck loader, working in the Reserve Book Room of the Yale Library and as a bus boy in the Dining Hall.

Mr. Downey joined the Department of the Army in June 1951 as a civilian, immediately after graduation from college, and was assigned to the Far East in December of that year. In late 1952, during the course of a flight in the Korean theater of operations, the plane in which he was riding disappeared. No word of the fate of the plane or its passengers was received from the time it disappeared until Communist China announced in November 1954. that Mr. Downey had been sentenced to life imprisonment on espionage charges. During his years in prison in Peking, Mr. Downey has been visited by members of his family on five different occasions.

Marital Status: Single, never married.

(Continued - Biographic sheet on John Thomas Downey)

Relatives:

Mother:

Father:

Brother:

Sister:

(b)(6)

Major Philip E. Smith

Date and place of birth: [redacted] in Roodhouse, Ill.

(b)(6)

Education: Major Smith was graduated from [redacted]
[redacted] June 1952, and has completed two years
(60 semester hours) at the [redacted]

(b)(6)

(b)(6)

(b)(6)

Military Service:

Major Smith entered the Air Force November 16, 1954 and went into Aviation Cadets (Officer Training). He was commissioned June 29, 1957, and was promoted three times: 1st Lt., December 29, 1958; Captain, October 1, 1962; and Major, June 20, 1967 (after his capture). He is a regular career officer.

Major Smith has been assigned to Germany, France, and George Air Force Base, California.

Marital Status:

Wife:

(b)(6)

Children:

Relatives:

His father is dead and his mother is living, as presumably are his four brothers and one sister. His brother [redacted] and his mother are the primary next of kin.

(b)(6)

Lt. Robert J. Flynn

Date and place of birth: [redacted] in Houston, Minn.

(b)(6)

Education: Graduated from Houston, [redacted] and attended the [redacted] for two years.

(b)(6)

Military Service:

Lt. Flynn enlisted in the Navy July 9, 1958. He was an enlisted man until commissioned an ensign June 19, 1960.

Lt. Flynn's military experience included flight training, and all of his operational experience has been in attack squadrons. His last attack squadron was VA 42 at Oceana, Va. He was flying an A-6 at Oceana. He was a bombardier in an A-6 which was shot down over Kwangsi Province. This flight was from the aircraft carrier "Constellation."

The highest award Lt. Flynn has received is the Distinguished Flying Cross.

Marital Status:

Wife:

Children:

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Authority EO-12958By RT NARA Date 6-26-07TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYPRC-U.S. EXCHANGES AND TRADEII. Developments Since the President's VisitA. On the U.S. Side

-- On April 12 a 34-man table tennis delegation from the PRC arrived in Detroit for the start of what was to be a successful 18-day tour of the United States. This first group of "Communist" Chinese to be involved in a public tour of the U.S. since the founding of the People's Republic received enthusiastic welcomes from what were mostly student audiences in the nine cities on their itinerary. They were given moderate but highly favorable press coverage, and met in several cities with friendly groups of Chinese-Americans-- at whom they directed most of their low-key political pressure, apparently in an effort to undercut support among this ethnic group for the Nationalist Chinese Government, and for the Taiwan Independence Movement. While the visiting ping pong players and their Foreign Ministry chaperones gave little indication of their reactions to life in the United States, NCNA press coverage and the warm feelings between the Chinese and hosting U.S. organization at the end of the trip gave evidence of substantial PRC satisfaction with this first venture into direct "people-to-people" contacts with America.

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-- An American doctor who toured the PRC last fall with Dr. Paul Dudley White, Dr. Grey Dimond, has been the intermediary in negotiations which have now led to a formal invitation for a group of doctors from the PRC to visit the U.S. as guests of the Institute of Medicine of the NAS, and the AMA. While the Chinese have not formally accepted this invitation, it is now anticipated that the doctors will arrive in the U.S. around June 20 for a visit of about three weeks. Perhaps the most notable aspect of this planned exchange is that the Chinese proposed it under the table, and used an American doctor in whom they have some confidence to arrange for the invitation from two of the most prestigious medical institutions in the U.S. The fact that the Institute of Medicine is affiliated with the National Academy of Sciences, which maintains programs with Taiwan, did not seem to cause the Chinese any problems.

-- In mid-April a group of four PRC officials, including the director of the Public Services Department of Peking and a representative of the Chinese Academy of Sciences, escorted two giant pandas to Washington. They were hosted by the

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Smithsonian Institution in New York as well as in Washington during a five-day program of tours and discussion meetings. While the Chinese would make no commitments on future exchanges in the zoological or ecological areas, they did agree to respond to a series of proposals made to them in these areas by a group of institutions including the Smithsonian, the Bronx Zoo, and the New York Aquarium.

-- The Bureau of Cultural and Educational Affairs at State has now drafted a cable to Ambassador Watson embodying guidance which hopefully will put our exchange program with the PRC on a more regular basis. This cable, done as a follow-on to the NSSM 148 exercise, proposes that the Chinese accept two non-governmental organizations--the National Committee on U.S. -China Relations, and the Committee on Scholarly Communication with the PRC--as facilitating organizations in the promotion of "people-to-people" exchanges. (Others might be added as circumstances dictate.) State would assist in screening exchange proposals, proposing additional programs, negotiating with the Chinese in this area via Paris, and assisting in the implementation of exchanges through liaison with the two private facilitating organizations and by providing security protection and some financing. At present State's

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guidance to Ambassador Watson remains unimplemented, in part because PRC Ambassador Huang Chen is still in Peking.

B. On the Chinese Side

- The PRC continues to control the pace and character of our asymmetrical exchange relationship largely through their ability to admit or exclude would-be visitors. An ever-increasing number and range of American citizens have been invited to China this spring, however, including Harvard Professors John Fairbank and Jerome Cohen, a Quaker group, a delegation from the Federation of American Scientists, and a smattering of more overtly political left-wing groups such as the "October League (Marxist-Leninist)." Owen Latimore is scheduled to visit later this summer.
- Senators Scott and Mansfield had a successful tour of the PRC between April 18 and May 3, meeting with Premier Chou and other high-level officials for general exchanges of views. Despite the heightening of American air actions against North Vietnam during their visit, the Chinese remained cordial and "even-handed" with the two Senators, despite their differing views on the war. Congressmen Boggs and Ford are now slated to visit China between June 26 and July 5.

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- As promised by the President, in mid-April two American musk oxen were sent to Peking--in the company of an official of the National Zoo--as a gift to the Chinese people. While the oxen contracted a skin disease shortly after arrival, they have now recovered, and according to newspaper accounts are attracting large audiences at the Peking Zoo.
- An official of the Library of Congress, Dr. Wang Chi, received an invitation from the PRC to visit libraries in China during the summer. Dr. Wang is now touring China, and plans to invite a group of Chinese librarians to reciprocate his visit. He hopes to encourage the PRC to resume exchanges of library materials and publications on a reciprocal basis.
- Consistent with its pledge to facilitate trade, Peking invited 40 American businessmen to the Canton Export Commodities Fair in April/May for the first time, and afforded them preferential treatment. Contracts were concluded for about \$5 million worth of Chinese exports, and although no U.S. export contracts were signed at the Fair, Peking has sustained negotiations with Boeing aircraft. A telephone report June 15 from a representative of Boeing to a member of your staff indicates that the PRC wants to purchase ten 707 aircraft; a

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RT NARA Date 6-26-07

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transaction which, if consummated, would total more than \$100 million. In addition, the Chinese are negotiating with Hughes Aircraft for a domestic satellite communications system, and RCA has been asked by the Chinese to upgrade its Shanghai satellite station and to submit a proposal for a Peking station.

-- While the Chinese give the above indications of desiring to purchase American products of advanced technology, they also have expressed to U.S. businessmen their confusion about American commercial and banking regulations, and displeasure at the continuing blocking of Chinese assets and lack of MFN.

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TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYIII. Talking Points on Exchange and Trade ProposalsOn the need for general mechanisms to facilitate the development of exchanges and trade.

-- We are gratified with the progress made since publication of the Shanghai Joint Communiqué in people-to-people contacts, and in developments which hold the prospect for trade relations between our two countries. The April tour of your ping-pong team demonstrated that there is a great fund of good will for the Chinese people in the United States. We noted, too, the participation of nearly 40 American businessmen in the spring Canton Trade Fair, leading to purchases of Chinese products for export to the U.S.

-- On the basis of our mutual experiences so far, there is good reason to believe that we will make further progress in the field of exchanges and in the development of commercial ties.

-- However, I have noticed that our relationship appears to be developing in a very ad hoc way which may not permit us to derive the maximum mutual benefit from it. As I see it, while the contacts and trade ties we are making are important, their symbolic value in pointing to a developing relationship outweighs by a considerable margin the intrinsic gains which each of us stand to obtain.

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-- For example, in the field of trade our experts have made an assessment which estimates that the maximum volume of US-PRC trade which we ^{might} reach over the next five years ^{could approach} ~~will be roughly~~ \$500 million. This is a ^{substantial} ~~good~~ figure, but in terms of either the PRC or U.S. total volume of trade, it is ^{rather} ~~relatively~~ small. As far as the U.S. is concerned, \$500 million both ways is not a very large percentage of our total GNP of ^{1.046} trillion, or of our total foreign trade of ^{nearly \$90 billion}.

-- I have already referred in my opening statement to why I believe it is in our mutual interest to show significant progress in expanding our relationship. Both of us have a stake in this -- to demonstrate that the Shanghai Joint Communiqué is meaningful and that the areas of cooperation between our two countries will steadily increase. ^{Such tangible signs of progress in our relationship show that we both have increasing mutual stakes in our bilateral dealings. This is useful to us. And we believe it is very important to the PRC which confronts pressures from various quarters.}

-- In my opinion, what is needed to show the kind of progress which we both require is for us to reach agreement at the authoritative level to set up some formal mechanisms to handle trade and exchanges of various types. With these, we would have an opportunity to show that we can make substantial and balanced progress in these areas, and to give reality to the principles of equality and mutual benefit.

-- The mechanisms which I envisage would also have the advantages of coping with the immediate problems and day-to-day details of conducting exchanges and commercial relations.

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- . In exchanges, we have been deluged -- as we gather you have as well -- with proposals from American private groups and individuals to participate in exchange programs. The establishment of a clear and responsible mechanism for processing, agreeing upon, and managing exchange programs would simplify this problem all around.
- . I might mention that we have given thought to a substantial number of very specific programs in the areas of cultural and scientific exchanges. You will recall that in October we presented you a package of suggested proposals. It is now our feeling that it makes more sense for us at our level to deal with the larger structural questions involved in promoting exchanges and leave the specifics to joint bodies that we mutually agree upon.
- . In the trade field, we understand that there are two fundamental issues which concern you: first, the blocking of PRC assets in U.S. banks and its related problem of private American claims against your government; and second, the question of how you are affected by U.S. tariff regulations, banking procedures, and regulations affecting the import and export of

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commodities. These questions which impede the development of trade embody highly technical issues which are likely to require some time and the work of experts to resolve. We think it is in our mutual interest to establish a bilateral body competent to deal with them.

-- I believe that we can reach agreement to establish a number of facilitating organizations, or promote cooperative arrangements, in the following areas:

- . A Joint Committee for Health Cooperation. You are well aware of the fascination in our country about the acupuncture phenomenon, and with traditional Chinese medical practices. As well, I understand your doctors have made significant progress in saving severed limbs, and in treating burn cases. We wish to learn from you in these areas, and at the same time feel that cooperative research and exchange of information will accelerate progress beneficial to both our peoples. I understand a group of your doctors will be visiting the United States soon, returning the visit of Dr. Paul Dudley White and other U.S. physicians last year. We should be able to regularize these contacts through a Joint Committee in order to encourage substantive progress in the medical field. Such a group could be private or governmental on our side; we are prepared to be flexible about implementation.

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• A Joint Commission on Scientific and Technical Cooperation.

Over the years our scientists have found that the pace of innovation and development of new technology is rapidly accelerated by international cooperation. As you probably know, many of our leading scientists have come from foreign countries. Several Nobel Prize winners, such as the physicist Yang Chen-ning, are of Chinese ancestry. We don't think it is either in our interest or capability to monopolize scientific progress, and feel that a Joint Commission in this area would enable both sides to share information and contribute to each other's progress. Such a group would enable you to work with the leading scientists and scientific organizations in our country.

• Agreeing on Organizations to Facilitate People-to-People

Exchange Programs. Given the progress we have made thus far in the table tennis and medical exchanges, we expect that interest -- at least on the American side -- will remain high in promoting people-to-people contacts. There will be great advantages to both of us in seeing that the volume of proposals, and mutually agreed upon programs, are handled in a responsible manner by non-governmental organizations that develop experience and in which both sides have confidence.

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A Joint Commercial Commission. We understand your concern with a number of U.S. commercial regulations which now limit our ability to trade with you on a basis equal to that of our dealings with other states. On our side, we want to make progress in this area, first of all by resolving the matter of claims by our citizens against your government and the attendant blocked asset problem. There are highly technical issues here; and there will be the need, particularly in this area, for governmental contact. We want to proceed in a systematic and orderly way to resolve impediments to trade, and believe that a commercial commission is the best way to do it.

A Joint Commission on Agricultural Research. As you are probably aware, we have made substantial gains in increasing the levels of production of agricultural products in our country over the past half-century. We understand that you, too, have recently made great strides in this area. We feel both our peoples would have much to learn from cooperative research, as well as exchanges of information and materials, in agricultural matters. Such cooperation should have significance for other countries as well.

-- I have brought with me as concrete illustrations of what I have in mind draft agreements in the five areas to which I have just referred.

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If you are interested I will pass them to you.

-- You may note that some of these proposals embody language quite similar to agreements that we have recently concluded [with the Soviet Union]. The form of these proposals reflects our experience in dealing with trade and exchange matters with many countries over a number of years. We do appreciate, however, that there remain distinctive aspects of our relations with you, and we have sought to reflect this situation in these proposals. At the same time, we wish to promote our dealings with you on an equal basis with other states. We remain receptive to additional suggestions or modifications in these proposals that you may wish to make.

-- We would also be willing to consider any other ways which you might put forward to regularize our relationships in the fields of exchanges and trade.

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AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
ON COOPERATION IN THE FIELD OF
MEDICAL SCIENCE AND PUBLIC HEALTH
June , 1972

The Government of the United States of America and the Government of the People's Republic of China;

Cognizant of the importance which medical science and public health have for all peoples of the world;

Recognizing the desirability of joining in a common effort to advance knowledge and improve techniques in these fields;

And in accordance with the desire expressed in the Joint Communiqué signed at Shanghai on February 27, 1972 to facilitate exchanges between our two peoples;

Have agreed as follows:

Article I

On the basis of reciprocity and mutual benefit the Parties will endeavor to develop and extend cooperation in the field of medical science and public health.

The Parties agree to direct their initial joint efforts toward combating the most widespread and serious diseases, as well as toward the resolution of other important health problems. The applications of acupuncture will receive particular attention.

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Article 2

The cooperation provided for in the preceding article may be implemented specifically in any of the following ways:

- Exchange of information;
- Reciprocal familiarization with technical aids and equipment;
- Coordinated scientific research programs and other activities in health fields of mutual interest;
- Exchanges of specialists and delegations;
- Organization of colloquia, scientific conferences and lectures.

Article 3

The Parties will encourage and facilitate the establishment of contacts between United States and Chinese medical institutions and organizations.

The Parties will also encourage and facilitate exchanges of equipment, pharmaceutical products and medicinal herbs, and technological developments in the fields of medicine and public health.

Article 4

The Parties will provide assistance to international medical organizations and will afford these organizations the opportunity of drawing on the knowledge gained by the Parties, including knowledge gained in the course of their joint efforts.

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Article 5

A US-PRC Joint Committee for Health Cooperation shall be established for the practical implementation of this Agreement. The Joint Committee shall establish specific programs of cooperation, creating working subgroups as required, and shall be responsible for supervising implementation of these programs.

Article 6

Cooperation shall be financed on the basis of reciprocal agreements worked out by the Joint Committee, using the resources of the Department of Health, Education, and Welfare of the United States of America and the of the People's Republic of China, as well as the resources of institutions participating in direct inter-institutional cooperation.

Article 7

This Agreement shall enter into force upon signature and shall remain in force for five years, after which it will be extended for successive five-year periods unless one Party notifies the other of the termination thereof not less than six months prior to its expiration.

Done on June , 1972 in Peking in duplicate, in the English and Chinese languages, both texts being equally authentic.

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For the Government of the United States of America

**Henry A. Kissinger
Assistant to the President
for National Security Affairs**

For the Government of the People's Republic of China

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
ON COOPERATION IN THE FIELDS OF
SCIENCE AND TECHNOLOGY

June , 1972

The Government of the United States of America and the Government
of the People's Republic of China;

Recognizing that both countries can benefit from the development of
cooperation in the fields of science and technology;

Desiring to establish closer cooperation between scientific and tech-
nical organizations of both countries;

Confident that such cooperation will serve to strengthen friendly rela-
tions between both countries;

And in accordance with the desire expressed in the Joint Communiqué
signed at Shanghai on February 27, 1972 to facilitate exchanges between
our two peoples;

Have agreed as follows:

Article 1

The Parties will facilitate and develop scientific and technical coopera-
tion between both countries on the basis of mutual benefit, equality and
reciprocity.

Article 2

The purpose of this cooperation is to seek opportunities for combined
efforts of scientists and specialists in both countries to work on major

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problems, whose solution will promote the progress of science and technology for the benefit of both countries and of mankind.

Article 3

The forms of cooperation in these fields may include:

- Exchange of scientific and technical information and documentation;
- Exchange of scientists and specialists;
- Joint research, development and testing, and exchange of research results and experience between scientific research institutions and organizations;
- Joint development and implementation of programs and projects in the fields of basic and applied sciences;
- Organization of joint conferences and symposia;
- Facilitating, as appropriate, contacts between United States firms and enterprises of the People's Republic where a mutual interest develops; and
- Other forms of scientific and technical cooperation as may be mutually agreed.

Article 4

Agreements between agencies, organizations and enterprises will be concluded in accordance with the laws of both countries. Such agreements may cover the subjects of cooperation, organizations engaged in the implementation of projects and programs, the procedures which should be followed, and any other appropriate details.

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Article 5

Unless otherwise provided in an implementing agreement, each Party or participating agency, organization or enterprise shall bear the costs of its participation and that of its personnel in cooperative activities engaged in under this Agreement, in accordance with existing laws in both countries.

Article 6

1. For the implementation of this Agreement there shall be established a US-PRC Joint Commission on Scientific and Technical Cooperation. Meetings will be convened not less than once a year in the United States and the People's Republic, alternately and at locations to be mutually agreed upon.

2. The Commission shall consider proposals for the development of cooperation in specific areas; prepare suggestions and recommendations, as appropriate, for the two Parties; develop and approve measures and programs for implementation of this Agreement; designate, as appropriate, the agencies, organizations or enterprises responsible for carrying out cooperative activities; and seek to assure their proper implementation.

3. The Executive Agent, which will be responsible for assuring the carrying out on its side of the Agreement, shall be, for the United States of America, the Office of Science and Technology in the Executive Office of the President and, for the People's Republic of China the

of United States and Chinese delegations established on an equal basis of which the chairman and members are to be designated by the respective Parties. Regulations regarding the operation of the Commission shall be established by agreement of the chairmen.

4. To carry out its functions the Commission may create temporary or permanent joint subcommittees, councils or working groups.

5. During the period between meetings of the Commission additions or amendments may be made to already approved cooperative activities, as may be mutually agreed.

Article 7

This Agreement shall enter into force upon signature and shall remain in force for five years. It may be modified or extended by mutual agreement of the Parties.

The termination of this Agreement shall not affect the validity of agreements made hereunder between agencies, organizations and enterprises of both countries.

Done on June , 1972 in Peking in duplicate, in the English and Chinese languages, both texts being equally authentic.

For the Government of the United States of America:

Henry A. Kissinger
Assistant to the President
for National Security Affairs

For the Government of the People's Republic of China:

AGREEMENT TO REGULARIZE THE MANAGEMENT OF
EXCHANGE PROGRAMS BETWEEN THE UNITED STATES OF AMERICA
AND THE PEOPLE'S REPUBLIC OF CHINA

In order to regularize the management and implementation of exchange programs between the United States of America and the People's Republic of China, both sides agree to place particular reliance on two responsible, non-governmental American organizations in facilitating specific exchanges:

- The Committee on Scholarly Communication with the PRC
(a group constituted by the National Academy of Sciences,
the Social Science Research Council, and the American
Council of Learned Societies), which is qualified to facilitate
exchanges in the sciences and other scholarly fields.
- The National Committee on U.S. -China Relations, which is
qualified to facilitate exchanges in the areas of cultural af-
fairs and education.

The United States Government, having confidence in these two organizations, will maintain liaison with them through the Bureau of Cultural and Educational Affairs of the Department of State, or other appropriate Governmental agencies, in order to provide assistance in such areas as official communication with representatives of the People's Republic of China concerned, and security protection for citizens of the PRC who visit the United States to participate in exchange programs.

It is understood that the National Committee and Committee on

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Scholarly Communication will not constitute exclusive agents in the facilitation of exchange programs with the People's Republic of China, and that other organisations or individuals may serve as official hosts.

Done on June , 1972 in Peking in duplicate, in the English and Chinese languages, both texts being equally authentic.

For the Government of the United States of America:

**Henry A. Kissinger
Assistant to the President
for National Security Affairs**

For the Government of the People's Republic of China:

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
TO ESTABLISH A JOINT US-PRC COMMERCIAL COMMISSION
June , 1972**

In order to promote mutually beneficial commercial and other economic relations between the two countries, the People's Republic of China and the United States of America have agreed to establish a US-PRC Commercial Commission.

The US-PRC Commission is to:

-- Negotiate:

- . a mutual settlement of private claims;
- . an agreement establishing a mechanism for settling commercial disputes and for resolving issues that may be of interest to both parties such as patents and licensing;
- . an understanding regarding reciprocal MFN treatment;
- . measures for the reciprocal establishment of facilities to promote trade.

-- Examine possibilities for US-PRC cooperation in the development of resources and the manufacture and sale of products.

Sessions of the Commission will be held alternately in the United States and the People's Republic, at locations to be mutually agreed upon.

Done on June , 1972 in Peking in duplicate, in the English and

Chinese languages, both texts being equally authentic.

For the Government of the United States of America:

**Henry A. Kissinger
Assistant to the President
for National Security Affairs**

For the Government of the People's Republic of China:

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
TO ESTABLISH A JOINT COMMISSION
FOR AGRICULTURAL RESEARCH
June , 1972**

The Government of the United States of America and the Government of the People's Republic of China;

Realizing the significance which advances in agricultural production hold for mankind today;

Recognizing the desirability of joining in a common effort to promote further progress in the development of agricultural technologies;

Desiring to facilitate cooperation in this field;

And in accordance with the desire expressed in the Joint Communiqué signed at Shanghai on February 27, 1972 to promote exchanges between our two people;

Have agreed as follows:

Article 1

The Parties undertake to develop and extend mutually beneficial cooperation in the field of agriculture and agricultural research. Through common agreement and in accordance with the principles of equality and mutual benefit, they will determine the various directions of this cooperation, proceeding from the experience acquired by the Parties in the course of contacts, visits, and exchanges.

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Article 2

The cooperation provided for in the preceding article may be implemented specifically in the following ways:

- Exchanges of publications and other information;
- Exchanges of specialists and delegations;
- Reciprocal familiarization or exchanges of agricultural specimens and equipment;
- Coordinated research programs and other activities in areas of mutual interest, such as crop management, plant and animal pests, forests, soils and livestock, and water management.

Article 3

The Parties will delegate the practical implementation of this agreement to a US-PRC Joint Commission for Agricultural Research, to be composed on the US side by leading specialists and representatives from academic, governmental, and private institutions concerned, and on the Chinese side by representatives of

Meetings of the Joint Commission will be convened not less than once a year in the United States and the People's Republic, alternately and at locations to be mutually agreed upon.

Article 4

Cooperation shall be financed on the basis of reciprocal agreements worked out by the Joint Committee, using resources of the Department of Agriculture

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of the United States of America and the
of the People's Republic of China, as well as the resources of institutions
participating in direct inter-institutional cooperation.

Article 5

This Agreement shall enter into force upon signature and shall remain in force for five years, after which it will be extended for successive five-year periods unless one Party notifies the other of the termination thereof not less than six months prior to its expiration.

Done at Peking this day of June, 1972, in duplicate, in the
English and Chinese languages, both equally authentic.

For the Government of the United States of America:

Henry A. Kissinger
Assistant to the President
for National Security Affairs

For the Government of the People's Republic of China:

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Authority RU 72138
By RI NARA Date 6-26-07TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYBackground and Evidence of Chinese Interest

While the PRC continues to work with opposition and "new left" groups such as the Black Panthers and Thomas Manton's new U.S.-China Relations Society, Chinese behavior during the ping pong tour and in connection with an imminent visit to this country of a group of their doctors, indicates that they want access to "mainstream" and prestigious groups in American society. As well, they have shown an appreciation for well-organized, responsible, and authoritative channels of contact. Thus, we anticipate that PRC leaders will respond favorably to a proposal from us which will tend to regularize procedures for managing exchanges by relying on two "facilitating" organizations. They are familiar with both groups mentioned in this proposal.

While we do not anticipate that the Chinese will rely exclusively on these organizations to channel "people-to-people" contacts, it seems likely that the effectiveness of the Joint Committee and the National Committee--in contrast to the difficulties they are likely to encounter in dealing with less established or less responsible groups--will increasingly convince PRC authorities of the desirability of promoting exchanges in a responsible manner through organizations in which the USG has confidence.

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From the U.S. Perspective

It is obvious'y in the interest of the USC to have exchange with the PRC handled by responsible private groups in the absence of a formal, government-to-government exchange program. The two organizations proposed here to serve as facilitating or managing groups are generally recognized to be the most responsible and effective private organizations prepared to play an active role in an exchange program. The Department of State, in its follow-on memorandum to NSSM 148, has proposed that we urge the Chinese to work through these two groups. The Department's Bureau of Cultural affairs has established effective working relations with both in the context of the ping pong and doctors exchanges. The two groups have also worked out coordinating procedures among themselves.

State further suggests that in many exchange programs established professional, artistic, or sports organizations will be the formal hosts in exchanges, with the National Committee or Joint Committee playing an intermediary facilitating role. In addition, the Department would assist these two private groups in evaluating and negotiating specific exchanges with PRC authorities via our Paris contact, and provide some financing and security protection for Chinese visitors to this country.

TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY

PROPOSAL FOR CREATION OF U.S. -PRC JOINT COMMITTEE
ON SCIENTIFIC AND TECHNICAL COOPERATION

That there be established a U.S. -PRC Joint Committee on Scientific and Technical Cooperation. Its purposes would be, through periodic joint meetings and correspondence between Chairmen:

1. To reach an understanding on the types of scientific and technical exchange and cooperation between the U.S. and the PRC which best correspond to the interests of the two countries.
2. To provide a coherent, though not necessarily exclusive, framework for specific exchanges and cooperation.
3. To establish priorities for individual activities on the basis of available funds and ability of the two sides to accommodate visitors.
4. To facilitate in both countries, through the American and Chinese delegations to the Joint Committee, respectively, the proper implementation of agreed activities.

Composition

The Joint Committee would consist of delegations from the U.S. and the PRC, constituted by leading institutions in each country, and made up of prominent scientific and technical leaders from

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research institutions, universities, and industry. There would be 6-8 members in each delegation and meetings would be held periodically, alternately in the U.S. and China.

Operation

On the U.S. side responsibility for management of the Joint Committee would be vested in the Committee on Scholarly Communication with the PRC of the National Academy of Sciences. Also involved would be the National Academy of Engineering, the Institute of Medicine, the American Council of Learned Societies and the American Academy of Arts and Sciences. In this way, the U.S. side of the Joint Committee would be able to incorporate the leading U.S. institutions in the basic and applied natural, technical, physical, medical, and social sciences.

We assume that the Chinese side would be constituted by representatives of the Chinese Academy of Sciences, although we remain receptive to any other proposals regarding PRC representation.

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Authority CU72758By RT NARA Date 6-26-07TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLYBackground and Evidence of Chinese Interest

While we have no direct evidence of PRC interest in establishing such a Joint Committee, it is evident that unless there is an institutional framework for discussing exchanges and cooperation we will be reduced in conversations with the Chinese to discussing individual proposals on behalf of specific agencies, individuals, institutions, or vested interests. A Joint Committee, even one operated in a non-governmental context, would permit the two sides to meet to identify mutual interests and, subsequently, to develop proposals for implementation of specific activities.

The Chinese appear to want to interact with the best qualified people and institutions in the U.S. and to demonstrate Chinese accomplishments of which they are proud. A Joint Committee constituted on the American side in the manner indicated in this proposal would enable the PRC to meet this end.

Funding

While it is conceivable that the U.S. share of funds for operation of the Joint Committee could be obtained from a private foundation, it will likely be difficult to meet potential demands solely with non-governmental money. Funding on the American side should come in part from the U.S. Government, most appropriately from the National Science Foundation.

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BACKGROUND PAPER

US-PRC Claims Issues

The US has both public and private claims against the PRC.

The public claims are a particularly difficult issue since they involve not only evident PRC confiscations of USG property, but also some claims which depend partly on finding the PRC to be the successor government to the Republic of China. Such findings could involve us in the embarrassing question of whether the PRC is entitled to the use of Chinese government properties in the US, such as the ROC Embassy and ROC Consulates. There is no immediate need for us to raise such issues, although in the long run, we shall have to respond to the Congress and US public on these matters.

The private claims question is considerably more tractable. These claims rise principally out of confiscation by the PRC of US private properties in the PRC in response to the USG's action of freezing PRC assets when the PRC entered the Korean conflict. The US private claims have been reviewed by the Foreign Claims Settlement Commission which has found that they total about \$196 million plus interest. There is another problem which also fits into the category of private claims--approximately \$5.5 million in Chinese dollar bonds originally issued in 1919.

Both the private claims deriving from the PRC's take over of the China mainland and the dollar bonds could give rise to lawsuits seeking to attach PRC property, such as visiting ships, or goods in international trade to which the PRC has title. To avoid such lawsuits and harassment it would be desirable to arrive at a full and final settlement of the private claims of US citizens. Secretary Rogers raised the question of private claims in informal conversation with PRC Minister of Foreign Affairs Chi P'eng-fei in Peking. Chi indicated that this was a problem which could be discussed.

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The Under Secretaries Committee recommended (U/SM-91) that we negotiate the settlement of private claims against the PRC. The Committee noted that a lump sum agreement (in which US private claims would be paid off in their entirety and Chinese assets unblocked) would be the ideal solution to the problem from the US point of view, (See Attachment C) but concluded that the PRC would almost certainly reject this approach. The Committee believed that some form of "Litvinov assignment" procedure was the best we could hope for (See Attachment B). NSSM 149 reiterated that a claims settlement should be a first order of business for the US. NSDM 170 approved a memorandum to be handed to the PRC Ambassador in Paris which includes a section on the desirability of negotiating a claims settlement.

The US side should of course strive for the maximum possible settlement for US claimants, but we should recognize that it is most unlikely that the PRC will be willing to make direct restitution to the various US claimants. However, there are blocked PRC assets in the US estimated as being worth roughly \$78 million, minus whatever liens are found to be valid against them. Among the blocked assets are certain assets in third country banks (principally the Banque Belge) in which the PRC has an interest and which it has claimed from the third countries rather than the US. These would require special mention in any settlement.

Intelligence reports dating from January 1972 indicate that the PRC has quietly begun surveying its urban population to determine the extent of its claims against the US for Chinese assets frozen in 1950. PRC officials in Canton and Hong Kong have repeatedly emphasized to US businessmen and bankers that these frozen assets are an obstacle to the full normalization of trade and banking links between the two countries. Similarly, PRC banking connections with the US appear to have been structured in such a way as to minimize the likelihood of garnishment by private claimants. It seems possible that the PRC would be willing to exchange their claims to assets blocked in the US for our claims against them, much as the USSR did in the Litvinov assignment which was part of the package of our recognition of the USSR in 1933.

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Under such an arrangement the PRC would assign to the US in full and final satisfaction of all claims of US nationals, all assets blocked by the US or controlled by it in which the PRC and its residents have an interest, subject to satisfaction of prior liens, etc. Such assets would be distributed to claimants on a pro rata basis. The PRC would receive a waiver of US private claims against properties held by the PRC.

Two alternative statements of possible US-PRC agreements to settle the claims question are provided in attachments.

Department of State
June 1972

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Authority EU 12738By RI NARA Date 6-26-07

US-PRC STATEMENT OF AGREEMENT TO
SETTLE OUTSTANDING CLAIMS

Either of the following draft statements would be appropriate for early, high level agreement to settle outstanding US-PRC claims. Neither prejudices the right of either side to raise any claims issue when substantive claims discussions begin.

A. "Both sides have agreed to an early meeting of experts to discuss questions regarding outstanding claims and to conclude an equitable agreement providing for a full and final settlement of such claims."

B. "Both sides have agreed that negotiations between appropriate representatives and experts of the Governments of the People's Republic of China and the United States of America to conclude an equitable agreement providing for full and final settlement of all outstanding public and private claims will take place at () on () (an early date). It is agreed that success in these negotiations will assist in the normalization of relations between the two Governments."

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By

RT NARA

Date 6-26-07

DRAFT LITVINOV-TYPE ASSIGNMENTSUS to PRC

The Government of the United States of America, desiring, on the basis of equality and reciprocity, to demonstrate the friendship of the American people toward the people of the People's Republic of China, has decided to effect a final settlement of the claims and counterclaims of the nationals of the United States of America and the People's Republic of China. To this end, the Government of the United States of America, acting for the people of the United States of America, hereby renounces all right, title, and interest in the assets located in the People's Republic of China or under control of the People's Republic of China in which United States nationals have a direct or indirect interest, and assigns these assets and claims to the Government of the People's Republic of China, in return for a similar action on the part of the Government of the People's Republic of China. The United States of America hereby agrees to take prompt and effective action to release all persons, corporations, companies, partnerships or associations from all liability to it or to any national of the United States of America which may exist as a result of payment or transfer by such persons of blocked accounts and claims involving blocked accounts to the Government of the People's Republic of China under this agreement.

PRC to US

The Government of the People's Republic of China, desiring, on the basis of equality and reciprocity, to demonstrate the friendship of the people of China toward the people of the United States of America, has decided to effect a final settlement of the claims and counterclaims of the nationals of the People's Republic of China and the United States of America. To this end, the Government of the People's Republic of China, acting for the people of the People's Republic of China, hereby renounces all right, title, and interest

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in the assets located in the United States or under the control of the Government of the United States in which Chinese nationals have a direct or indirect interest, including

(1) All accounts at and claims against banks, wherever located, which are denominated in US dollars and which are blocked by the United States Government on this date; and,

(2) All accounts at banks, wherever located, denominated in US dollars, which contain funds received directly or indirectly from the PRC or its nationals and which are blocked by the United States Government on this date,

and assigns these assets and claims to the Government of the United States of America, in return for a similar action on the part of the Government of the United States of America. The People's Republic of China hereby agrees to take prompt and effective action to release all persons, corporations, companies, partnerships or associations from all liability to it or to any national of the People's Republic of China which may exist as a result of payment or transfer by such persons of blocked accounts and claims involving blocked accounts to the United States Government under this agreement.

Department of State
June 1972

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Authority EU 7238By RT NARA Date 6-26-07

DRAFT US-PRC AGREEMENT REGARDING
CLAIMS OF NATIONALS OF THE UNITED STATES

The Government of the United States of America and the Government of the People's Republic of China desiring to effect a settlement of claims of nationals of the United States against the People's Republic of China and desiring to advance economic relations between the two countries,

Have agreed as follows:

Article 1

A. The Government of the People's Republic of China agrees to pay, and the Government of the United States agrees to accept, the sum of \$ _____ United States currency in full settlement and discharge of all claims of nationals of the United States against the Government of the People's Republic of China which have arisen on or after October 1, 1949 and prior to November 6, 1966 out of the nationalization, expropriation, intervention, or other takings of, or special measures directed against, property of nationals of the U.S., and claims for disability or death of nationals of the U.S. arising out of violations of international law.

B. Such payment by the Government of the People's Republic of China shall be made to the Secretary of State of the United States of America within _____ days after the signing of this Agreement.

Article 2

For the purposes of this Agreement the term national of the United States means (A) a natural person who is a citizen of the United States, or (B) a corporation or other legal entity which is organized under the laws of the United States, or of any State, the District of Columbia, or the Commonwealth of Puerto Rico, if natural persons who are citizens of the United States own, directly or indirectly, 50 per centum or

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more of the outstanding capital stock or other beneficial interest of such corporation or entity. The term does not include aliens. The term "property" means any property, right, or interest, including any leasehold interest, and debts owed by the Government of the People's Republic of China or by enterprises which have been nationalized, expropriated, intervened, or taken and debts which are a charge on property which has been nationalized, expropriated, intervened, or taken.

Article 3

The amount paid to the Government of the United States under Article 1 of this Agreement shall be distributed in such manner and in accordance with such methods of distribution as may have been or may be adopted by the Government of the United States.

Article 4

After the entry into force of this Agreement the Government of the United States will neither present to the Government of the People's Republic of China nor espouse claims of nationals of the United States against the Government of the People's Republic of China to which reference is made in Article 1 of this Agreement. In the event that such claims are presented directly by nationals of the United States to the Government of the People's Republic of China, the Government of the People's Republic of China will refer them to the Government of the United States.

Article 5

2. With a view to protecting the Government of the People's Republic of China from the possible assertion through third countries, or otherwise, of claims settled by this Agreement, the Government of the United States will furnish to the Government of the People's Republic of China copies of such formal statements of claims as have been made by claimants and copies of decisions with respect to the validity and amounts of claims.

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B. With respect to each claim found to be valid by the Government of the United States, the Government of the United States will furnish to the Government of the People's Republic of China original documents of title pertaining to the property nationalized, expropriated, intervened, or taken, or of special measures directed against such property by the Government of the People's Republic of China by which the claim was established, including securities of juridical persons owned by the claimant if all of the property of such juridical persons has been nationalized or taken by the Government of the People's Republic of China. In the event that a claim is not based on such documents, the Government of the United States will furnish to the Government of the People's Republic of China a release signed by the claimant.

Article 6

Within thirty days after the entry into force of this Agreement, the Government of the United States will release its blocking controls over all property in the United States of the Government of the People's Republic of China and its residents.

Article 7

The present Agreement shall enter into force on the date of signature.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

Done at _____, in duplicate, in the English and Chinese languages, both equally authentic, this _____ day of _____, 1972.

For the Government of the United States of America:

/s/ _____

For the Government of the People's Republic of China:

/s/ _____

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Authority 5072958By RT NARA Date 6-26-07TOP SECRET/NODIS/HOMERUS Government Claims

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We recommend that you not raise or discuss the complex issue of US Government claims. In the PRC's view, it has claims against us for permitting the "illegal" occupation of Chinese diplomatic and consular property in the US by the ROC. It may also have other claims for war damage dating from the Chinese civil war, the Korean conflict and the bombing of North Vietnam. It is clearly not in our interest to embroil ourselves in discussion of these issues at this time.

In the unlikely event that the Chinese raise the issue of government claims, we recommend that you:

-- state that the issue of government claims is complex and involves several categories of US government claims against the government of the PRC.

-- point out that the question of government claims, unlike private claims, is not an obstacle to the normalization of economic relations between the peoples of the two countries.

-- state that in our view it is premature to discuss this matter.

US Private Claims and PRC Frozen Assets:

With regard to private claims, we recommend that you:

-- remind the Chinese that in February Secretary Rogers had informally raised the issue of unsettled private claims with Minister of Foreign Affairs Chi P'eng-fei who replied that the claims question could be discussed.

-- point out that without settlement of private claims the orderly development of US-PRC trade is likely to be difficult, because shipping and goods in commerce in the US could be subjected to harassing lawsuits by US

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claimants which the US Government would be constitutionally powerless to prevent.

-- state that we are aware that the PRC has reciprocal claims against the US for assets blocked by us.

-- suggest that it would be desirable to begin talks in the near future between US and PRC experts to reach an equitable solution to the problem of the claims of both sides.

-- propose that the US and PRC agree in principle to open such talks at a mutually acceptable time and place.

If the Chinese agree, we recommend that you:

-- propose that the talks begin soon in Paris or Peking (if it has been agreed to establish a Joint Trade Commission these talks would be held through it).

-- record such agreement in a Communique' if one is to be issued at the end of your visit.

If the Chinese counter our proposal of claims negotiations by suggesting that the US, having taken the initiative in blocking Chinese assets in the US, should also take the first step by unblocking them, we recommend that you:

-- reply that of course a solution in which both sides pay the full extent of private claims to the other side -- i.e., the US releasing the full amount of the frozen Chinese and Chinese providing full compensation to American claimants -- would be acceptable to the US. (a draft agreement accomplishing this is attached to the Background Paper)

-- emphasize that the frozen Chinese assets in the US and US private claims against the PRC are part of a single problem and that the solution to this problem should be one that is reciprocal and fair to both sides.

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If the Chinese inquire what kind of "equitable" settlement the US has in mind, we recommend that you:

-- state that we are not bound to any rigid formula and would welcome the constructive suggestions of the Chinese side on how best to clear up a problem which it is clearly in the interest of both sides to solve.

-- suggest that one possible precedent for settlement exists in the "Litvinov Assignment" arrangement negotiated between the US and USSR in 1933. Under such an arrangement, both sides would in effect agree to keep what they had of the other's property and assign all rights arising from their claims to the other side (a draft exchange of letters accomplishing this is attached to the Background Paper).

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